

ORIGINAL

11-093

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

SEP 26 2011

Facility/Project Identification

Facility Name:	RAI-Centre West-Springfield	HEALTH FACILITIES &
Street Address:	1112 Centre West Drive	SERVICES REVIEW BOARD
City and Zip Code:	Springfield, IL 62704	
County:	Sangamon	Health Service Area III Health Planning Area: III

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Liberty Dialysis Holdings, Inc.
Address:	7650 SE 27 th Street Suite 200 Mercer Island, WA 98040
Name of Registered Agent:	
Name of Chief Executive Officer:	Mark E. Caputo
CEO Address:	7650 SE 27 th Street Suite 200 Mercer Island, WA 98040
Telephone Number:	206/236-5001

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	
X	For-profit Corporation	<input type="checkbox"/>	Governmental	
	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship	<input type="checkbox"/> Other

o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.

o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	Ryan Pardo
Title:	Vice president, General Counsel
Company Name:	Liberty Dialysis, LLC
Address:	7650 SE 27 th Street Suite 200 Mercer Island, WA 98040
Telephone Number:	206/816-6506
E-mail Address:	rpardo@libertydialysis.com
Fax Number:	206/816-6556

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Street Address:	1112 Centre West Drive		
City and Zip Code:	Springfield, IL 62704		
County:	Sangamon	Health Service Area	III Health Planning Area: III

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	RAI Care Centers of Illinois II, LLC		
Address:	7650 SE 27 th Street Suite 200 Mercer Island, WA 98040		
Name of Registered Agent:			
Name of Chief Executive Officer:	Mark E. Caputo		
CEO Address:	7650 SE 27 th Street Suite 200 Mercer Island, WA 98040		
Telephone Number:	206/236-5001		

Type of Ownership of Applicant/Co-Applicant

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Facility/Project Identification

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Street Address:	1112 Centre West Drive		
City and Zip Code:	Springfield, IL 62704		
County:	Sangamon	Health Service Area	III Health Planning Area: III

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Fresenius Medical Care Holdings, Inc.
Address:	920 Winter Street Waltham, MA 02451
Name of Registered Agent:	CT Systems
Name of Chief Executive Officer:	Mats Wahlstrom
CEO Address:	920 Winter Street Waltham, MA 02451
Telephone Number:	781/669-9000

Type of Ownership of Applicant/Co-Applicant

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X	For-profit Corporation	<input type="checkbox"/>	Governmental	
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Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960

Name:	Ms. Lori Wright
Title:	Senior CON Specialist
Company Name:	Fresenius Medical Care
Address:	One Westbrook Corporate Center, Tower One, Suite 1000, Westchester, IL 60154
Telephone Number:	708/498-9121
E-mail Address:	lori.wright@fmc-na.com
Fax Number:	708/498-9334

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Integrity Properties
Address of Site Owner:	4805 Bear's Paw Springfield, IL 62711
Street Address or Legal Description of Site:	1112 Centre West Drive Springfield, IL 62704
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name:	RAI Care Centers of Illinois II, LLC		
Address:	7650 SE 27 th Street Mercer Island, WA 98040		
<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
X	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
		<input type="checkbox"/>	Other
<ul style="list-style-type: none">o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.			
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	Honey Jacobs Skinner
Title:	Partner
Company Name:	Sidley Austin.
Address:	1 South Dearborn Street Chicago, IL 60603
Telephone Number:	312/853-7577
E-mail Address:	msskinner@sidley.com
Fax Number:	312/853-7036

Flood Plain Requirements Not Applicable

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. This map must be in a readable format. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements Not Applicable

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

- Substantive
- Non-substantive

Part 1120 Applicability or Classification:
[Check one only.]

- Part 1120 Not Applicable
- Category A Project
- Category B Project
- DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Fresenius Medical Care Holdings, Inc. ("FMC") has entered into an agreement to acquire Liberty Dialysis Holdings, Inc., ("Liberty") which directly or indirectly owns and operates, among other services, approximately 260 End State Renal Disease (ESRD) facilities in 32 states. Three (3) of the ESRD facilities are located in Illinois. The acquisition will be in the form of a reverse triangular merger transaction through which PB Merger Subsidiary, Inc. ("PB Merger") will merge with Liberty, with Liberty being surviving entity. PB Merger is, according to the Illinois Health Facilities and Service Review Board's definition "controlled" by Bio-Medical Applications Management Company, Inc., which is "controlled" by FMC. Upon the close of the transaction FMC will have ultimate control of the three (3) Illinois ESRD facilities.

This *Application for Permit* addresses the resultant change of ownership of RAI-Centre West-Springfield, a 14-station ESRD facility. Similar *Applications for Permit* have been filed to address the change of ownership of the other two Illinois ESRD facilities owned by Liberty.

No changes to the services provided or the facilities' number of ESRD stations are addressed with any of the three *Applications*. There will also be no change to the entity holding the ESRD facility's Medicare certification.

Subsequent to the change of ownership, the name of the facility will be changed to Fresenius Medical Care Lincolnland, and the IHFSRB will be notified of the name change.

This is a "non-substantive" project, pursuant to the definition of non-substantive" projects provided in Section 1110.40.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees	100,000		100,000
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Acquisition of ESRD Facility	6,523,533		6,523,533
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$6,623,533		\$6,623,533
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$6,623,533		\$6,623,533
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$6,623,533		\$6,623,533

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price:	\$ _____	
Fair Market Value:	\$ _____	
The project involves the establishment of a new facility or a new category of service		
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$ <u>none</u>		

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:	
<input checked="" type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>April 30, 2012</u>	
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.	
<input checked="" type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies	
<input type="checkbox"/> Project obligation will occur after permit issuance.	
APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

State Agency Submittals

Are the following submittals up to date as applicable:	
<input type="checkbox"/> Cancer Registry	Not Applicable
<input type="checkbox"/> APORS	Not Applicable
<input type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted	Not Applicable
<input type="checkbox"/> All reports regarding outstanding permits	Not Applicable
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.	

Cost Space Requirements Not Applicable

Provide in the following format, the department/area DGSF or the building/area BGSF and cost. The type of gross square footage either DGSF or BGSF must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization Not Applicable

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest Calendar Year for which the data are available. Include observation days in the patient day totals for each bed service. Any bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

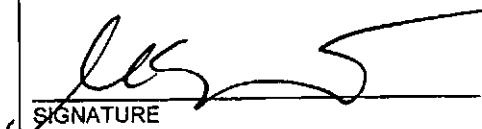
FACILITY NAME:		CITY:			
REPORTING PERIOD DATES:		From:	to:		
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:					


CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.


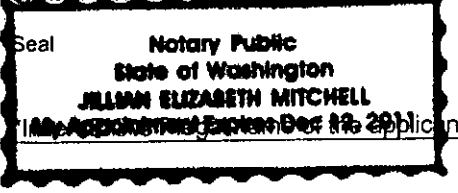
This Application for Permit is filed on the behalf of Liberty Dialysis Holdings, Inc. in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

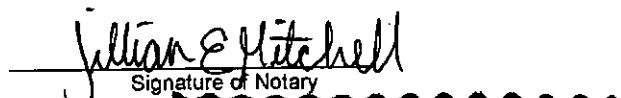
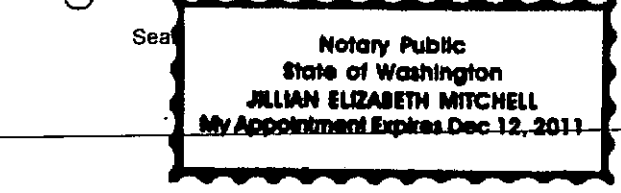

SIGNATURE
Mark Caputo
PRINTED NAME
CEO
PRINTED TITLE


SIGNATURE
Ryan Pardo
PRINTED NAME
Vice President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of September 2011

Notarization:
Subscribed and sworn to before me
this 8th day of September 2011


Signature of Notary

Seal Notary Public
State of Washington
JILLIAN ELIZABETH MITCHELL
My Appointment Expires Dec 12, 2011

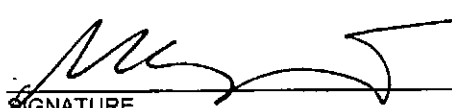

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This Application for Permit is filed on the behalf of **_RAI Care Centers of Illinois II, LLC_** in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.


SIGNATURE
Mark Caputo
PRINTED NAME
CEO
PRINTED TITLE


SIGNATURE
Ryan Pardo
PRINTED NAME
Vice President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of September 2011

Notarization:
Subscribed and sworn to before me
this 8th day of September 2011


Signature of Notary
Seal
Notary Public
State of Washington
JILLIAN ELIZABETH MITCHELL
My Appointment Expires Dec 12, 2011
insert EXACT legal name of the applicant

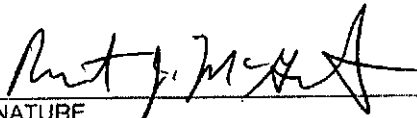

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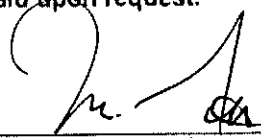
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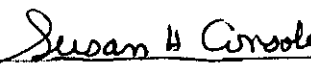
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 SIGNATURE
 Robert J. McGorty, SVP
 PRINTED NAME
 PRINTED TITLE


 SIGNATURE
 SIGMA LIFE
 Vice President & Asst. Treasurer
 PRINTED NAME
 PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 14 day of Sept 2011

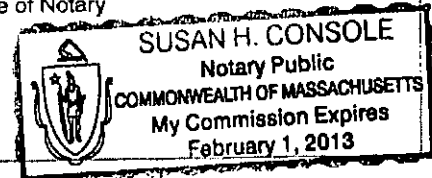
Notarization:
Subscribed and sworn to before me
this 16 day of Sept 2011


Signature of Notary

Signature of Notary

Seal

Seal



*Insert EXACT legal name of the applicant

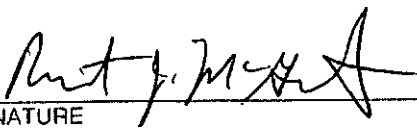
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CERTIFICATION

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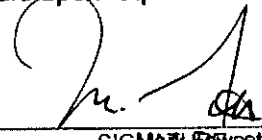
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 SIGNATURE
 Robert J. McGorty, SVP

 PRINTED NAME

 PRINTED TITLE



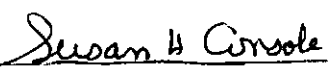
 SIGNATURE
 Mark Fawcett
 Vice President & Asst. Treasurer

 PRINTED NAME

 PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 16 day of Sept 2011

Notarization:
Subscribed and sworn to before me
this 16 day of Sept 2011

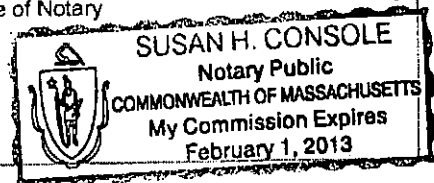


 Signature of Notary

Signature of Notary

Seal

Seal



*Insert EXACT legal name of the applicant

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SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS **ATTACHMENT-11**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS **ATTACHMENT-12**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify ALL of the alternatives to the proposed project:

Alternative options must include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
 - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VI - MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

NOTE: For all projects involving a change of ownership THE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.

A. Criterion 1110.240(b), Impact Statement

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
 - a. the location (town and street address);
 - b. the number of beds;
 - c. a list of services; and
 - d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: Indicate the dollar amount to be provided from the following sources:

\$6,623,533_	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$6,623,533	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability **not applicable, no debt financing used**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. All of the projects capital expenditures are completely funded through internal sources
2. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
3. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing **not applicable, no debt financing used**

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs **not applicable, no construction or modernization**

Read the criterion and provide the following:

- 1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement NOT APPLICABLE

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Medicaid (revenue)	Year	Year	Year
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information RAI-Centre West-Springfield

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE*			
	2008	2009	2010
Net Patient Revenue	\$1,125,583	\$871,710	\$3,109,571
Amount of Charity Care (charges)	\$0	\$0	\$364,441
Cost of Charity Care	\$0	\$0	\$29,859

APPEND DOCUMENTATION AS ATTACHMENT 44 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

* All information provided in this table has been provided by Liberty Dialysis Holdings, Inc.

XII. Charity Care Information RAI Lincoln Highway

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE*			
	2008	2009	2010
Net Patient Revenue	\$5,971,539	\$4,980,651	\$4,469,116
Amount of Charity Care (charges)	\$0	\$0	\$1,272,289
Cost of Charity Care	\$0	\$0	\$113,625

APPEND DOCUMENTATION AS ATTACHMENT 44 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

* All information provided in this table has been provided by Liberty Dialysis Holdings, Inc.

XII. Charity Care Information RAI North Main

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE*			
	2008	2009	2010
Net Patient Revenue	\$2,797,160	\$2,773,814	\$1,094,830
Amount of Charity Care (charges)	\$0	\$0	\$97,942
Cost of Charity Care	\$0	\$0	\$6,000

APPEND DOCUMENTATION AS ATTACHMENT 44 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

*** All information provided in this table has been provided by Liberty Dialysis Holdings, Inc.**



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

RAI CARE CENTERS OF ILLINOIS II, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON AUGUST 15, 2005, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 1ST day of DECEMBER A.D. 2010 .



Jesse White

Authentication #: 1033502414

Authenticate at: <http://www.cyberdriveillinois.com>

SECRETARY OF STATE ATTACHMENT 1

OFFICE LEASE

THIS LEASE, made and entered into this 4th day of January, ~~2006~~²⁰⁰⁷ by and between **INTEGRITY PROPERTIES, LLC**, hereinafter for convenience referred to as LESSOR, having its principal place of business at 4805 Bear's Paw, Springfield, IL 62711, and **RAI CARE CENTERS OF ILLINOIS II, LLC**, hereinafter for convenience referred to as LESSEE, having its principal place of business at 115 East Park Drive, Suite 300, Brentwood, TN 37027.

1. **DEMISE.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor certain space consisting of five thousand four hundred twelve (5,412) square feet which is located within an office building (the "Building") located at 1112 Centre West Dr., Springfield, Illinois 62704 and described on Exhibit A attached hereto and made a part hereof as Area 2 the ("Premises" or "Leased Premises"). Exhibit B is a visual drawing of the Leased Premises and common area of the entire Building. The land upon which the Building is located, all improvements thereon, and appurtenances hereto shall be referred to as the "Property".

2. **TERM.** The term of this Lease ("Term") is ten (10) years commencing at 12:00 A.M. on March 1, 2007, and ending at 12:00 o'clock midnight on February 28, 2017, or on such earlier date as this Lease may terminate by the terms hereof as hereinafter set forth, provided, however, that in the event any date herein referred to falls on a Sunday or a legal holiday, then this Lease shall terminate at 12:00 o'clock midnight at the end of the business day following the date herein referred to.

3. **RENT.** The base rent ("Base Rent") to be paid by Lessee to Lessor during the first two years of the Term shall be ninety-three thousand five hundred ninety-seven and 72/100 dollars (\$93,597.72) which shall be payable in equal monthly installments of seven thousand seven hundred ninety-nine and 81/100 dollars (\$7,799.81), in advance, on the first day of each calendar month during the Term, with the first installment due on the first day of March 2007, and an equal amount due on the same day of each calendar month thereafter during the Term.

Beginning on March 1, 2009 the Base Rent shall be increased on the first day of March each calendar year by four percent (4%) of the then current Base Rent.

The term "Lease Year" shall mean the twelve (12) month period beginning on the first day of the Term and terminating on the immediately preceding date of the next year and on those same dates each year thereafter during the Term.

Schedule of Rents:

		<u>Base Annual Rent</u>	<u>Base Monthly Rent</u>
3/1/07-2/29/08	Lease Year 1	\$93,597.72	\$7799.81
3/1/08-2/28/09	Lease Year 2	\$93,597.72	\$7799.81
3/1/09-2/28/10	Lease Year 3	\$97,341.63	\$8111.80
3/1/10-2/28/11	Lease Year 4	\$101,235.29	\$8436.27

3/1/11-2/29/12	Lease Year 5	\$105,284.71	\$8773.73
3/1/12-2/28/13	Lease Year 6	\$109,496.09	\$9124.67
3/1/13-2/28/14	Lease Year 7	\$113,875.94	\$9489.66
3/1/14-2/28/15	Lease Year 8	\$118,430.98	\$9869.25
3/1/15-2/29/16	Lease Year 9	\$123,168.21	\$10,264.02
3/1/16-2/28/17	Lease Year 10	\$128,094.94	\$10,674.58

Except as may otherwise be specifically provided in this Lease, it is the intention of Lessor and Lessee that the Base Rent herein specified shall be completely net to Lessor in each year during the Term of this Lease. Except as otherwise provided in this Lease, all costs, expenses and obligations of every kind relating to the Leased Premises which may arise or become due during the Term of this Lease (except those caused solely by the gross negligence or willful misconduct of Lessor) shall be paid by Lessee and Lessor shall be indemnified by Lessee against such costs, expenses and obligations, provided, however, that Lessee shall be under no obligation to pay interest or principal on any mortgage on the Lessor's property or any income tax payable by Lessor or any other costs specifically excluded as set forth herein.

All Taxes (as defined below), charges, fees, insurance premiums, costs and expenses which Lessee is required to pay under this Lease, together with all interest and penalties that may accrue thereon in the event of Lessee's failure to pay such amounts, and all damages, costs and expenses which Lessor may incur by reason of any default of Lessee or failure on Lessee's part to comply with the terms of this Lease, shall be deemed to be additional rent hereunder (hereinafter called the "Additional Rent"), and, in the event of nonpayment by Lessee within the cure periods provided below, Lessor shall have all rights and remedies with respect thereto as Lessor has for the nonpayment of the Base Rent.

4. **LESSEE'S PRO RATA SHARE.** Lessee shall pay its *pro rata* share of all Taxes (as defined in Section 14 below), insurance premiums (as described in Section 11 below), and Operating Costs (as defined in Section 19 below) as Additional Rent. Except as set forth in Section 17, Tenant's "*pro rata* share" is stipulated to be eighty-two and 4/10 percent (82.4%). Lessee shall pay its *pro rata* share of Taxes upon notice from Lessor as set forth in Section 14 below. Lessee shall pay its *pro rata* share of insurance expenses upon notice from Lessor as set forth in Section 11 below. Lessee shall pay an estimate of its *pro rata* share of Operating Costs in advance, in equal monthly installments at the time of the payment of Base Rent, based on Lessor's estimate of the Operating Costs for the calendar year in question. Lessee's estimated *pro rata* share of Operating Costs for the 2007 calendar year is \$30,000.00.

Within thirty (30) days after the end of each quarter (on or before April 30, July 30, October 30 and January 30 of each year) Lessor shall provide Lessee with a statement of such actual Operating Costs for such calendar quarter (the "Quarterly Statement"), which Quarterly Statement shall include all reasonable supporting documentation and the estimated Operating Costs for the upcoming quarter. Lessee, within thirty (30) days of receipt of the Quarterly Statement shall pay to Lessor any deficiency, which obligation shall survive the expiration or termination of this Lease. If the Quarterly Statement shows an overpayment by Lessee, then any surplus paid by Lessee shall be paid to Lessee within thirty (30) days following the date of such Quarterly Statement or if not paid during such time, Lessee may offset such amount against rent coming due.

Lessee shall have the right within sixty (60) days after receipt of the Quarterly Statement to review Lessor's record of Operating Costs. If Lessee's examination reveals an error has been made, and Lessor disagrees with the result thereof, Lessor shall have thirty (30) days to obtain an audit from an accountant of its choice. If Lessor's accountant and Lessee's accountant are unable to reconcile their results, both accountants shall mutually agree on a third accountant, whose determination shall be conclusive. If Lessee's accountant, or the third account, as applicable, determines that there is an overpayment, then Lessor shall promptly refund to Lessee the amount of such overpayment.

5. **LESSOR'S DUTIES.** (A) Anything herein contained to the contrary notwithstanding, Lessor covenants and agrees to maintain at its cost and expense the roof, structural supports, the foundation, and load bearing walls of the Building, and the other exterior portions of the Leased Premises.

(B) Lessor shall maintain the heating, air conditioning equipment, and hot water heaters in good repair, maintain insurance as set forth below, maintain the parking lot, driveways, and roadways, provide landscaping, lawn maintenance, periodic exterior window cleaning, debris removal, snow and ice removal, and if requested by Lessee, janitorial service, pest control, non-medical trash removal and security service. It is agreed and understood that the costs of all such services, including replacement, and insurance coverage shall be Additional Rent, subject to Section 4. Lessor shall not be liable to Lessee or Lessee's agents, employees and invitees for any damages resulting from failure to maintain same unless and until written notice of the existence and approximate location of any damage thereto has been received by Lessor or Lessor's agent and a reasonable time allowed for making needed repairs after receipt of said notice, or unless such damage is due solely to Lessor's gross negligence or willful misconduct.

6. **COVENANT TO PAY RENT.** Lessee shall pay Base Rent, any Additional Rent, and reimbursement of Operating Costs as herein required, to Lessor at Lessor's above-stated address, or at such other place as Lessor may designate in writing, without demand and without counterclaim, deduction, setoff, or recoupment of any type, kind, nature, or description unless otherwise provided herein.

A late payment fee equal to five percent (5%) of the base monthly installment shall be due if payment is not received by Lessor on the fifth day of the month the installment is due and such late charge shall increase to fifteen percent (15%) if payment is not received by Lessor on the tenth day of the month the installment is due. In addition, any sums remaining due after 30 days from the due date shall accrue interest at the rate of one and one-half percent (1½ %) per month for any month or partial month.

A late payment fee equal to five percent (5%) of the pro rata share reimbursement for Taxes, insurance premiums and Operating Costs, as described in Section 4 above, shall be added if reimbursement is not received by Lessor within ten (10) days of when Lessee receives an itemization of such expenses and shall increase to fifteen percent (15%) if payment is not received by Lessor within 20 days. In addition, any sums remaining due after 30 days from the due date shall accrue interest at the rate of one and one-half percent (1½ %) per month for any month or partial month.

7. **CARE AND REPAIR OF PREMISES.** Lessee shall commit no act of waste and shall take good care of the Premises including the fixtures and appurtenances therein and thereon and shall, in the use and occupancy of the Premises, conform to all laws, orders and regulations of local, municipal, state and federal governmental agencies and entities and all departments thereof. Lessee shall at Lessee's own cost and expense, throughout the Term of this Lease, and so long as it shall remain in possession of the Leased Premises, keep and maintain in good repair, all portions thereof (except those items required to be maintained by Landlord as set forth in Section 5 above) including all fixtures, equipment, appurtenances and machinery therein which are brought into and become a part of the real estate, and all glass, including but not limited to plate glass, windowpanes, etc.; furthermore, Lessee shall keep the plumbing, closets, pipes and fixtures belonging thereto in good repair to the reasonable satisfaction of Lessor and of the municipal and any other governmental authorities during the Term. All necessary repairs, including but not limited to repairs due to normal wear and tear or repairs made necessary by Lessee or Lessee's agents, employees, visitors, or licensees (unless caused by the gross negligence or willful misconduct of Lessor, or its agents, employees or contractors), shall be made by, and paid for by, Lessee within thirty (30) days from the time said repairs were made necessary.

All improvements made by Lessee to the Premises which are so attached to the Premises that they cannot be removed without material injury to the Premises shall become the property of the Lessor upon installation. No later than the last day of the Term of this Lease, Lessee shall, at Lessee's expense, remove all of Lessee's personal property and those improvements made by Lessee which will not become the property of the Lessor, including movable paneling, partitions and similar items. Lessee shall repair all damage done by, or in connection with, the installation, or removal, of such property and improvements. Lessee shall surrender the Premises in good condition, reasonable wear and tear, and any damage by fire, the elements, casualty or other cause not due to the misuse or neglect by Lessee or Lessee's agents, employees, visitors or licensees excepted. All property of the Lessee remaining on the Premises after the termination of this Lease shall be conclusively deemed abandoned and may be removed by Lessor, and Lessee shall reimburse Lessor for the cost of such removal at Lessor's demand and request.

All property of every kind which may be on the Leased Premises during the Term hereof shall be at the sole risk of Lessee or those claiming under Lessee and Lessor shall not be liable to Lessee or to any other person whomsoever for any injury, loss or damage to any such property in or upon said Leased Premises, and the entrances, sidewalks and walkways adjoining same, unless due solely to Lessor's or its agents' employees' or contractors' gross negligence or willful misconduct.

Lessee or its predecessors have been in possession of the Leased Premises for more than fifteen (15) years, are well acquainted with the condition of the Premises, and except as otherwise provided in this Lease accept the Leased Premises in "AS IS" condition.

8. **ALTERATIONS, ADDITIONS OR IMPROVEMENTS.** Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions or improvements in, to, or on and about the Premises, which consent shall not be unreasonably withheld, conditioned or delayed. All alterations, additions and improvements of every type and description shall only be made in conformity with plans

and specifications approved by Lessor and any regulatory body or agency prior to the commencement of work.

9. **ACTIVITIES INCREASING FIRE INSURANCE RATES.** If Lessee shall do, or suffer to be done, anything on the Premises which would increase the rate of fire insurance on the Building, Lessee shall be responsible for such increase upon notice from Lessor together with evidence of such increase and the cause thereof.

10. **ACCUMULATION OF WASTE OR REFUSE.** Lessee shall not permit any accumulation of waste or refuse on the Leased Premises or cause any accumulation of waste or refuse anywhere near or in the Building.

11. **PROPERTY INSURANCE.** Throughout the Term, Lessee shall reimburse the Lessor as Additional Rent its pro rata share (according to Section 4) of the expense for a policy or policies of insurance against loss or damage to the Building in the amount of the full replacement cost thereof, against all perils included within the classifications of fire, extended coverage, vandalism, malicious mischief, loss of rents and special extended perils ("all risk" cause of loss - special form). It is understood and agreed that all insurance proceeds shall be paid to Lessor and that Lessee's pro rata share of any commercially reasonable deductible or self-insurance retention limit shall be paid to Lessor if a claim shall be made. Lessee's personal property and contents shall be separately scheduled and insured at Lessee's own expense. Insurance payable hereunder shall be paid to Lessor within 30 days after presentment of the insurance bill and calculation of Lessee's obligation.

12. **LIABILITY INSURANCE.** Lessee during the Term of this Lease shall keep the Leased Premises insured against the risks and hazards and with the coverage in amounts not less than those specified as follows:

(a) Commercial general liability insurance, with contractual liability endorsements, relating to the Leased Premises and its appurtenances and improvements on an occurrence basis with minimum levels of Three Million and No/100 Dollars (\$3,000,000.00) for bodily injury, personal injury or death and One Million and No/100 Dollars (\$1,000,000.00) with respect to damage to property.

(b) Worker's compensation insurance covering all persons employed in connection with any work performed by Lessee or any repair or alteration authorized by this Lease or consented to by Lessor, and all employees and agents of Lessee with respect to whom death or bodily injury claims could be asserted against Lessor or Lessee as required by applicable law. Before undertaking any alteration, additions, improvements or construction, Lessee shall obtain at its expense a public liability insurance policy insuring Lessee and Lessor (as an additional insured) against any liability which may arise on account of such proposed alterations, additions, improvements or construction, on an occurrence basis with minimum limits as set forth above.

All of the aforesaid insurance required to be maintained by Lessee shall be written in the name of Lessee with Lessor and Lessor's lender (if Lessor requests and provides the Lender's information to Lessee) as additional insureds, and shall be written by one or more responsible insurance companies with a AM Best Insurance Guide rating of A or better and

authorized to do business in Illinois; all such insurance shall contain endorsements that such insurer will endeavor to provide thirty (30) days' prior written notice to Lessor prior to cancellation. Lessee shall give thirty (30) days' prior written notice to Lessor of any proposed cancellation. Lessee shall be solely responsible for the payment of the premiums therefor and Lessor (or its designee) shall not be required to pay any premium for such insurance. The minimum limits of commercial general liability policy of insurance shall in no way limit or diminish Lessee's liability hereunder. Lessee shall deliver to Lessor at least fifteen (15) days prior to the expiration of such policy, either a duplicate original or a certificate of insurance on all policies secured by Lessee in compliance with its obligations hereunder. If Lessee fails to obtain and provide any or all of the aforesaid insurance, then Lessor may after the applicable notice and cure period, but shall not be required to, purchase such insurance on behalf of Lessee and add the costs of such insurance as Additional Rent due under this Lease.

13. LESSOR PROTECTED FROM CLAIMS OR DAMAGES. From and after the date hereof, Lessee covenants and agrees to defend and hold Lessor harmless against any and all claims, suits, damages or causes of action for damages, arising from the date hereof, and against any orders, decrees or judgments which may be entered in, as a result of any alleged injury to person and/or property or alleged loss of life sustained in or about the Leased Premises and the Building, if any, or upon the sidewalks, steps, railings, parking areas and approaches appurtenant thereto, by any person or persons whomsoever, except to the extent such shall result from the gross negligence or willful misconduct of Lessor or its agents, employee's or contractors or from a breach of this Lease by Lessor.

14. TAXES, ASSESSMENTS, AND OTHER CHARGES. Lessee covenants and agrees to pay and discharge as Additional Rent hereunder, within thirty (30) days after receipt of Lessor's bill therefor, its *pro rata* share of all real estate taxes, assessments, levies or other charges, general, special, ordinary, extraordinary and otherwise, of every kind and character which are, during the Term hereby levied, charged, assessed or imposed upon or against the Building or the land on which the Building is located (collectively "Taxes"). Lessee shall also pay all taxes on Lessee's personal property and upon written request of Lessor, deliver to Lessor all receipts or duplicates thereof, within fifteen (15) days after payment evidenced thereby. Lessee shall remain liable for all such payments of Additional Rent whether or not it shall impose upon any sublessee the duty to assume all or a portion of any amount specified in this subsection.

Anything herein to the contrary notwithstanding "Taxes" shall not include any franchise, stock, excise, transfer or income tax of Lessor, or any estate, inheritance or death taxes with respect to Lessor's estate. If, at any time during the Term, under the laws of the United States or the State of Illinois or political subdivision thereof in which the Leased Premises are situated, a tax on rent or other charge by whatever name called, is levied, assessed or imposed against Lessor or the rent payable hereunder to Lessor as a substitute in whole or in part for the tax on real estate, Lessee, to the extent that such substitute tax or other charge relieves Lessee from the payments hereinbefore provided in the paragraph above, shall pay such tax or other charge within thirty (30) days after request by Lessor.

15. ASSIGNMENT OR SUBLEASE. Lessee shall not, without first obtaining the written consent of Lessor (which consent shall not be unreasonably withheld, conditioned or delayed), assign, mortgage, pledge or encumber this Lease, or the leasehold interest created

herein, in whole or in part, and Lessee shall not sublet the Premises, or any part thereof, without the express written prior consent of the Lessor (which consent shall not be unreasonably withheld, conditioned or delayed). This covenant shall be binding upon the Lessee, and all legal representatives of the Lessee, and every person to whom Lessee's interest unto this Lease passes by operation of law.

If such consent is required and requested by Lessee, then Lessor shall respond to Lessee's request within thirty (30) days after Lessor receives the request. Lessor's failure to respond timely shall be deemed an approval of the proposed transfer. Notwithstanding anything to the contrary contained in this Lease, Lessor's consent is not required for Lessee to assign or otherwise transfer (by operation of law or otherwise) this Lease or any of its rights hereunder (i) to any person, corporation, partnership or other entity which acquires all or substantially all of the business or assets of Lessee or any membership interests in Lessee or any parent of Lessee; or (ii) to any person, corporation, partnership or other entity which controls, is controlled by or is under common control with Lessee or any parent of Lessee; or (iii) to any affiliate (within the meaning of such term as set forth in Rule 501 of Regulation D under the Federal Securities Act of 1933) of Lessee.

16. **COMPLIANCE WITH RULES AND REGULATIONS.** Lessee shall observe and comply with all Rules and Regulations attached hereto and made a part hereof and with such further reasonable Rules and Regulations as the Lessor may prescribe on written notice to Lessee (so long as such Rules and Regulations do not conflict with the terms of this Lease), for the safety, care and cleanliness of the Building, the comfort, quiet and convenience of other occupants of the Building, and the Common Areas.

17. **UTILITIES.** Lessor shall furnish Lessee water, steam, sewer, heat, gas, and electricity. Lessee shall be responsible for ninety-five and 6/10 percent (95.6%) of such costs, including water and sewer rentals, and shall pay same as Additional Rent within thirty (30) days of receipt of an itemized bill from Lessor.

18. **TELEPHONE & DATA SERVICES.** Lessee shall be solely responsible for obtaining telephone, data, and/or internet service and all costs related thereto, including but not limited to equipment, installation of lines, line service, interface equipment, base charges, installation and maintenance of any other item or charge related to telephone, data, internet, or computer equipment and/or services.

19. **COMMON AREA EXPENSES.** So long as there is not an uncured default, Lessee shall be entitled to use, in common with its agents, employees, patients, invitees and other lessees of the Property, the Common Areas as designated from time to time by Lessor, subject to the terms of this Lease and the Rules and Regulations. "Common Areas" means all areas, improvements, space and equipment on or about the Property provided by Lessor for the common or joint use and benefit of all lessees and their employees, agents, licensees and invitees, and not leased or held for lease exclusively by any lessee, and all designated public areas on the Property, including without implied limitation, all entrances, exits, pedestrian walkways, parking lots, driveways, lawn and landscaped areas, lobby entrance ways, doorways, sliding glass doors, concourses, stairs, ramps, sidewalks, maintenance and utility rooms, closets, hallways, lobbies, common window areas, walls and ceilings in Common Areas, trash and rubbish areas, and public washrooms. Lessee shall pay its *pro rata* share of all Operating Costs.

As used herein, "Operating Costs" shall mean all costs and expenses Lessor incurs in connection with the maintenance and upkeep of the Common Areas, but shall in no event include the following: (i) costs associated with the operation of the business of the entity which constitutes the Lessor, as distinguished from the costs of Building operations (such as entity accounting and legal matters, cost of selling, syndicating, financing, mortgaging or hypothecating Lessor's interest in the Building, and costs of any disputes between Lessor and its employees); (ii) costs incurred in connection with the original construction of the Building or in connection with any major change in the Building; (iii) costs of capital nature, including, capital improvements, capital repairs, capital equipment and capital tools, all as determined in accordance with generally accepted accounting principles, consistently applied, except as set forth in Section 5 (B) above; (iv) depreciation, interest and principal payments on mortgages, and other debt costs; (v) cost of correcting defects in or inadequacy of the initial design or construction of the Building; (vi) costs resulting from the negligence of Lessor or its agents, or employees; (vii) legal fees, space planner's fees, real estate brokers' leasing commissions, and advertising expenses incurred in connection with the development or leasing of the Property; (viii) costs for which Lessor is reimbursed by any insurance carrier or any other party, including Lessee; (ix) any bad debt loss, rent loss, or reserves for bad debts or rent loss; (x) the portion of any wages of any employee, not attributable to work performed in connection with the Property or above the grade of building manager; (xi) fines, penalties, and interest, unless attributable to the acts or default of Lessee; (xii) ground rent, if any; (xiii) any recalculation of, or additional costs actually incurred more than two (2) years prior; (xiv) any costs resulting from Lessor's failure to comply with laws; (xv) expenses in connection with services or other benefits which are not provided to Lessee; (xvi) overhead and profit increment paid to Lessor or to subsidiaries or affiliates of Lessor for services to the Property to the extent the same exceeds the costs of such services rendered by unaffiliated third parties on a competitive basis; (xvii) expenses and costs not normally, in accordance with generally accepted accounting principles, included by landlords of first-class office buildings; (xviii) any cost due to Lessor's breach of this Lease; and (xix) office rent for or rental value of space in the Building used or furnished by Lessor to enhance, manage, operate and maintain the Property.

It is understood that all such amounts shall be reduced by all cash discounts, trade discounts, or quantity discounts received by Lessor in the purchase of any goods, utilities or services in connection with the operation and maintenance of the Property. Lessor agrees to keep books and records showing such costs in accordance with a system of accounts and accounting practices consistently maintained on a year- to-year basis.

20. CLEANING SERVICES. Lessee shall at Lessee's expense select, contract for, and provide, janitorial and cleaning services for Leased Premises. The company selected to provide cleaning services must be a reputable company and a company which insures against damage caused by its employees. Lessor shall not be responsible for any loss of or damage to property of Lessee or its employees caused by personnel of the janitorial service. In the event Lessee's cleaning services becomes disruptive to other lessees in the Building or conducts itself so unreasonably to create a public nuisance, Lessor may bar such cleaning services from the Premises.

21. DAMAGES OR DESTRUCTION TO BUILDING. In the event the Building is damaged by fire or other cause the following provisions shall apply:

(a) Lessee to Give Notice. In the event of any damage to or destruction of the Leased Premises or any part thereof, Lessee will give written notice thereof to Lessor describing the nature and extent of such damage or destruction.

(b) Total Destruction. In the event all of the Leased Premises or such portion thereof as makes the residue substantially unusable as a renal dialysis center by Lessee (as reasonably determined by Lessee and Lessor) is destroyed by fire or other casualty, (i) Lessor may promptly restore the Leased Premises as soon as reasonably possible to the condition of the same prior to such damage or destruction, in which event the rent payable hereunder shall abate until the completion of said restoration, or (ii) Lessor may terminate this Lease without penalty. All insurance proceeds received by Lessor pursuant to the provisions of this Lease, less the cost, if any, of the recovery of said proceeds, shall be applied to the payment for such restoration, if said restoration is elected by Lessor. Any balance of such proceeds thereafter remaining shall be payable to Lessor.

(c) Partial Destruction. In the event less than all of the Leased Premises or such portion thereof as makes the residue substantially unusable as a renal dialysis center by Lessee (as reasonably determined by Lessee and Lessor) is damaged or destroyed and/or the residue after damage or destruction of the Leased Premises remains of substantial commercial value to Lessee (as determined by Lessor), this Lease shall not terminate provided, however, that Lessor shall promptly proceed to restore the portion of the Leased Premises which was damaged or destroyed as nearly as possible to its condition prior to such damage or destruction. All insurance proceeds received by Lessor or Lessee pursuant to provisions of this Lease, less the cost, if any, of the recovery of said proceeds shall be applied to the payment for such restoration and any balance thereafter remaining shall be paid to Lessor. The rent payable hereunder shall be equitably reduced by Lessor in proportion to the portion of the Leased Premises which has been damaged or destroyed until the completion of the renovation thereof.

(d) Termination Upon Damage or Destruction. Notwithstanding anything in this Lease to the contrary, the following provisions for cancellation of this Lease apply. If more than fifty percent (50%) of the Leased Premises is so damaged or the damage occurs in the last year of the Term, either Lessor or Lessee may cancel this Lease on thirty (30) days' notice and rent shall be apportioned as of the date of the casualty. If a registered engineer or architect jointly acceptable to Lessor and Lessee determines that in his opinion the damage to the Leased Premises cannot be repaired so as to substantially restore the Leased Premises to their former condition within 180 days after such fire or casualty, then Lessor or Lessee may terminate this Lease by providing notice to the other party within 60 days of the date of damage. If the Leased Premises are required to be repaired by Lessor, but are in fact not restored to substantially the same condition as prior to such fire or casualty within 180 days after such occurrence; then this Lease may be terminated by Lessee, and rent shall be apportioned as of the date of casualty.

22. WAIVERS OF SUBROGATION ESTOPPEL CERTIFICATE. Notwithstanding the provisions under Section 7, in any event of loss or damage to the Building, the Leased Premises or any contents, each party shall look first to any insurance in its favor before making any claim against the other party. To the extent possible without additional cost, each party shall obtain a policy of such insurance, including provisions permitting waiver of any claim against the other party for loss or damage within the scope of such insurance,

and each party, to such extent permitted, for itself and its insurers, waives all such insured claims against the other party. Lessor and Lessee agree that each of them will at any time and from time to time, but not more than twenty (20) days after written request by either of them to the other, execute, acknowledge and deliver to the requesting party a statement in writing certifying that this Lease is unmodified and is in full force and effect (or if there have been such modifications, that the same is in full force and effect as modified, and stating the modification) and the date to which the rental and other charges have been paid in advance, it being intended that any such statement delivered pursuant to this section may be relied upon by any prospective purchaser of the fee, mortgagee or assignee of any mortgage upon the fee or leasehold interest in the Leased Premises or by the assignee of the Lessee if such assignment is permitted by the Lessor as otherwise herein required.

23. EMINENT DOMAIN. If the Premises, or any part thereof, or any estate therein, or any other part of the Building, shall be taken by eminent domain, this Lease shall terminate on the day when title vested pursuant to such taking. The rent, including any Additional Rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to the Lessee. The Lessee shall not be entitled to any part of the award for such taking, or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expenses.

24. ADDITIONAL DEFAULTS. In addition to nonpayment or nonperformance as specified in this Lease, the following shall be deemed events of default:

(a) If at any time during the Term herein there shall be filed by or against Lessee, or against any successor Lessee then in possession, in any court pursuant to any petition in bankruptcy, alleging an insolvency, for reorganization, for the appointment of a receiver, or for an arrangement under the Bankruptcy Code, or if a similar type of proceeding shall be filed; provided that if any of the foregoing is commenced against Lessee, the same has not been dismissed within ninety (90) days;

(b) If Lessee shall abandon the Leased Premises for a period of thirty (30) or more consecutive days (except in cases of remodeling or repair, and provided that Lessee shall not be deemed to have abandoned the Premises so long as rent is paid); or

(c) If this Lease or the estate of Lessee hereunder shall be transferred or passed to or devolve upon any other person, firm, association or corporation, except with Lessor's consent and except as otherwise permitted herein.

25. LESSOR'S REMEDIES ON DEFAULT. Upon any default by Lessee (beyond applicable cure periods), Lessor may take any one or more of the remedial steps described below, notwithstanding any other provision of this Lease:

(a) Lessor may, at its option, declare all installments of Base Rent as adjusted at the time of the default for the remainder of the Term, to be immediately due and payable, to the extent of their then-present value, whereupon the same shall become immediately due and payable.

(b) Lessor may re-enter and take possession of the Leased Premises and improvements without terminating this Lease, and sublease in their entirety the same for the account of Lessee, holding Lessee liable for the difference in the rent and other amounts actually paid by such sublessee in such subletting and the rents and other amounts payable by Lessee hereunder.

(c) Lessor may terminate the Term, exclude Lessee from possession of the Premises and improvements and will use Lessor's best efforts to lease the same to another for the account of Lessee, holding Lessee liable for all rent and other amounts payable by Lessee hereunder (less than amounts received as a result of Lessor's reletting, if any).

(d) Lessor may take whatever action at law or in equity may appear necessary or desirable to collect the rent and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement, or covenant of Lessee under this Lease, and in connection with such actions, to recover any or all damages to Lessor for Lessee's violation or breach of this Lease.

(e) Lessor may distrain any and all of Lessee's property and hold the same as payment of sums under this Lease; such distraint may be by self help or legal process.

(f) In the event that Lessor shall be required to engage legal counsel for the enforcement of any of the terms of this Lease, whether such employment shall require institution of suit or other legal services required to secure compliance on the part of Lessee, Lessee shall be responsible for and shall promptly pay to Lessor the reasonable value of said attorneys' fees, and any other expenses incurred by Lessor as a result of such default.

(g) No remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. No delay or omission by Lessor to exercise any right or power accruing upon any default of Lessee shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by Lessor at any time, from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Section 25, it shall not be necessary to give any notice, other than such notice as is herein expressly required by this Lease.

26. DEFICIENCY. In any case where the Lessor has recovered possession of the Premises by reason of the Lessee's default, Lessor may, at Lessor's option, occupy the Premises or cause the Premises to be redecorated, altered, divided, consolidated with other adjoining Premises, or otherwise changed or prepared for reletting. The Lessor may relet the Premises or any part thereof as agent of the Lessee for a term or terms to expire prior to or at the same time as, or subsequent to, the original expiration date of this Lease, at Lessor's option, and Lessor shall be entitled to receive the rent therefor. Any rent so received shall first be applied to the payment of such expenses as Lessor may have incurred in connection with the recovery of the property and recovery of possession, redecorating, altering, dividing, consolidating, or otherwise changing and preparing the Premises for reletting, including brokerage fees and commissions and reasonable attorney's fees.

Thereafter, any such rents received shall be applied to the payment of damages in amount equal to the rent herein reserved to Lessor and to the cost and expenses of the performance of any other covenants of Lessee as provided by this Lease and by Lessee's default made necessary or desirable for Lessor to perform on Lessee's part. Lessee agrees in any such case, whether or not the Lessor has relet, to pay Lessor damages equal to the rent or other sums agreed in this Lease to be paid by Lessee to the Lessor, less the net proceeds of the reletting, if any, as ascertained from time to time, and the same shall be payable by the Lessee on the periodic rent days specified in this Lease. In reletting the Premises, Lessor may grant rent concessions and Lessee shall not be credited therewith. No such reletting shall constitute a surrender and acceptance, or be deemed evidence thereof. If the Lessor elects pursuant to the terms of this Lease to actually occupy and use the Premises, or any part thereof, during the balance of the Term, there shall be allowed against the Lessee's obligation for rent or damages during the Lessor's occupancy the reasonable value of such occupancy, not to exceed the rent reserved to the Lessor herein, and the Lessor's occupancy shall not be construed as a relief of Lessee's liabilities and obligations under this Lease.

Lessee waives any and all rights of redemption to which the Lessee or any person claiming under or through the Lessee might be entitled by law now or hereafter in force.

The Lessor's remedies under this Section are in addition to any remedy supplied or allowed by law.

27. **NO WAIVER OF COVENANTS OR CONDITIONS; AMENDMENT.** The failure of any party to this Lease to insist on the strict performance of any covenant, condition or provision of this Lease, or the exercise of any option herein contained, shall not be construed as a waiver of such covenant, condition, provision or option in any other instance. This instrument shall not be changed, modified or terminated orally, and any understanding of the parties deviating from the expressed terms hereof shall be in writing and signed by the party to be charged.

28. **THE COLLECTION OF RENT FROM ANY OCCUPANT.** If the Leased Premises are sublet or occupied by anyone other than the Lessee, and the Lessee is in default hereunder, or if this Lease is assigned by Lessee, Lessor may collect rent from the assignee, sublessee, or occupant and apply the net amount collected to the rent herein reserved. No such collection shall be deemed a waiver of the covenant herein against assignment or subletting or the acceptance of such assignee, sub, or occupant as Lessee or a release of the Lessee from further performance of the covenants herein contained.

29. **SUBORDINATION OF LEASE.** This Lease shall be subject and subordinate to the mortgages and trust deeds that may now affect this Lease or the Property and also to all renewals, modifications, consolidations, and replacements of such mortgages and trust deeds. This Lease shall also be subject and subordinate to any mortgage or trust deed which may hereafter affect the Premises or Property; provided, however, that Lessee receives a non-disturbance agreement in form reasonably acceptable to Lessee. Although no instrument or act on the part of the Lessee shall be necessary to effectuate such subordination, the Lessee will, nevertheless, execute and deliver such further instruments confirming such subordination of this Lease as may be desired by the holders of such mortgages or trust deeds so long as it is reasonably acceptable to Lessee.

30. **RIGHT TO CURE LESSEE'S BREACH.** In the event the Lessee breaches any covenant or condition of this Lease, Lessor may, upon reasonable notice to the Lessee (except that no notice need be given in the case of emergency), cure such breach at the expense of the Lessee. The reasonable amount of all expenses, including attorney's fees incurred by the Lessor in so doing, shall be deemed Additional Rent payable upon demand.

31. **MECHANICS' LIENS.** In the event Lessee makes any improvements to the Leased Premises, Lessee shall not permit any liens to attach to Lessor's interest in the Premises. If any mechanic's lien or other lien or order for the payment of money shall be filed against Lessor other than for work ordered by Lessor or other lessees of the Property, or the Leased Premises or Building by reason of, or arising out of, any labor or material furnished or alleged to have been furnished to or for Lessee at the Leased Premises, or for or by reason of any change, alteration or addition by the Lessee, or the cost or expense thereof or any contract relating thereto, then Lessee shall, within thirty (30) days after the filing of any such lien, cause the same to be cancelled and discharged of record, by bond or otherwise, at the election and expense of Lessee, and shall defend on behalf of Lessor, at Lessee's sole cost and expense, any action, suit or proceeding which may be brought thereon or for the enforcement of such lien, and Lessee shall pay any damages and discharge any judgment entered thereon and shall indemnify and save harmless Lessor from any claim or damage resulting therefrom. If Lessee fails to keep this covenant, in addition to any other remedies available to Lessor under this Lease or otherwise, Lessor may at its option discharge such lien, in which event Lessee agrees to pay Lessor, within five (5) days of demand, a sum equal to one hundred percent (100%) of the amount of the lien thus discharged by Lessor plus Lessor's reasonable attorney's fees.

32. **RIGHT TO INSPECT AND REPAIR.** The Lessor may, but shall not, except as required by the terms of this Lease, be obligated to enter the Premises at reasonable times at reasonable intervals and upon reasonable notice to the Lessee (except that no notice need be given in case of emergency) for the purpose of making inspection or the making of such repairs, replacements, or additions in, to, on and about the Premises or the Building, as the Lessor deems necessary or desirable but Lessor shall use best efforts to minimize interference with Lessee's business and patients. The Lessee shall have no claim or action against the Lessor by virtue of the exercise of such right. In the event Lessee secures any private room or office by lock-key or combination, such lock shall be installed at Lessee's expense and such lock shall be of a kind, style and type approved by Lessor. Further, Lessee shall promptly provide to Lessor a key or the combination (and each change thereof), for purposes of inspection, repairs and janitorial services.

33. **INTERRUPTION OF SERVICES OR USE.** Any interruption or curtailment of any service maintained in the Building and provided to the Lessee for the benefit of the Leased Premises, if caused by strikes, mechanical difficulties or failures, or any causes beyond the Lessor's control, whether similar or dissimilar to those enumerated, shall not entitle the Lessee to any claim against the Lessor, or to any abatement in rent and shall not constitute a constructive or partial eviction unless the Lessor fails to take such measures as may be reasonably required in the circumstances to restore the service without undue delay. If the Premises are rendered unleaseable in whole or in part for a period of five (5) business days or more, by the making of such repairs, replacements or additions other than those made with the Lessee's consent, or caused by the misuse or neglect by the Lessee or

the Lessee's agents, servants, visitors or licensees, then there shall be an apportionment and abatement of the rent during such period of unleaseability.

34. **THE CONDITIONS OF LESSOR'S LIABILITY.** Lessee shall not be entitled to claim a constructive eviction from the Premises unless the Lessee shall have first notified the Lessor in writing of the condition or conditions giving rise to the claimed constructive eviction and, if the complaints be justified, unless the Lessor shall have failed within a reasonable time after receipt of such notice to remedy such conditions complained of and noticed.

35. **RIGHT TO THE SHOW OF THE PREMISES.** Lessor reserves the right to show the Premises to prospective purchasers, mortgagees, and, during the last twelve (12) months prior to the termination of this Lease, to prospective Lessees during business hours, on reasonable notice to the Lessee but Lessor shall use best efforts to minimize interference with Lessee's business and patients.

36. **COMPLETE AGREEMENT.** No representation or promise shall be binding upon any party hereto except those contained herein or in such future writing signed by the party to be charged, making such representation or promise.

37. **QUIET ENJOYMENT.** The Lessor covenants that if, and so long as, Lessee pays the rent and any Additional Rent as herein provided for and reserved to the Lessor, and performs the covenants herein, Lessee shall peaceably and quietly have, hold and enjoy the Premises for the Term, subject to the terms and conditions and provisions of this Lease.

38. **WAIVER OF JURY TRIAL.** To the extent that such a waiver is permitted by law, the parties waive trial by jury and any action or proceeding brought in connection with this Lease or the Leased Premises.

39. **PARAGRAPH AND SECTION HEADINGS.** The headings contained in this Lease are intended for convenience only and shall not be taken into consideration in any construction or interpretation of this Lease or any of its provisions.

40. **APPLICABILITY TO HEIRS AND ASSIGNS.** The terms and conditions of this Lease shall apply to, be binding upon, and inure to the benefit of, the parties hereto, their respective heirs, successors, legal representative and assigns. It is understood that the term "Lessor" as used in this Lease means only the owner or mortgagee in possession of the Building, so that, in the event of any sale of the Building, or if the mortgagee shall take possession of the Premises, the Lessor named herein shall be, and is, entirely freed and relieved of all covenants and obligations of the Lessor hereunder accruing thereafter and shall be deemed without further agreement that the purchaser of the Building, or the mortgagee in possession shall have assumed and agreed to carry out any and all of the covenants and obligations of the Lessor contained in this instrument, and any modifications hereof made in writing, signed by the parties to be charged.

41. **USE OF THE LEASED PREMISES.** Lessee may use the Leased Premises as offices and space to perform dialysis and related medical procedures; provided, however, that such use shall not constitute a public or private nuisance or violate any applicable law, ordinance or regulation.

42. **HAZARDOUS SUBSTANCES.** As used below, "Hazardous Substances" shall mean and include all hazardous and toxic substances, wastes or materials, any pollutants or contaminants (including, without limitation, asbestos, PCB's, mixtures of hazardous waste and source, special nuclear or byproduct material, solvents, nuclear isotopes, and raw materials which include hazardous constituents), or any other similar substances, or materials which are included under or regulated by any applicable local, state or federal law, rule or regulation pertaining to environmental regulation, contamination or clean-up, including, without limitation, those which are specified in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as codified at 42 U.S.C. § 9601, et seq. (1982) ("CERCLA"), Atomic Energy Act of 1954, 42 U.S.C. § 2011 et seq. the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901 et seq. or any state lien or state superlien or environmental clean-up statutes, and as amended or recodified, (all such laws, rules and regulations are referred to collectively as "Applicable Environmental Laws"). Lessee warrants, represents and covenants as follows:

- (i) Lessee is not, to the best of its knowledge, in violation of or subject to any existing, pending or threatened investigation or inquiry by any governmental authority or any response costs or remedial obligations under any Applicable Environmental Laws;
- (ii) Lessee has not obtained, and is not required to obtain, any permits, licenses or similar authorizations to construct, occupy, operate or use any buildings, improvements, fixtures and equipment forming a part of the Premises by reason of any Applicable Environmental Laws; or, if Lessee is so required, such permits, licenses or similar authorizations have been obtained. Lessee shall provide Lessor with any and all relevant information regarding Lessee's activities with respect to Hazardous Substances and Lessee's compliance with Applicable Environmental Laws upon thirty (30) days written request therefor from Lessor.
- (iii) The use which Lessee intends to make of the Leased Premises will not result in the disposal or other release of any oil, toxic or Hazardous Substances or solid waste on or to the Leased Premises in violation of any Applicable Environmental Law;
- (iv) No personal or real property owned or leased by Lessee, to the best of its knowledge, is subject to any private or governmental lien or judicial or administrative notice or action, relating to Hazardous Substances or environmental problems, impairments or liabilities, or the direct or indirect violation of any Applicable Environmental Laws;
- (v) Lessee shall not allow any Hazardous Substances to be stored, located, discharged, possessed, managed, processed or otherwise handled on the Premises in violation of any Applicable Environmental Law, and shall comply in all material respects with all Applicable Environmental Laws affecting the Premises;
- (vi) Lessee shall immediately notify Lessor should Lessee become aware of (1) any Hazardous Substance or other environmental problem or liability with

respect to the Premises, or (2) any lien, action, or notice of the nature described in subparagraph (v) above. Provided any such problem, liability, lien, action, or notice was caused by or is a result of actions by Lessee, or those under the control of Lessee, Lessee shall, at Lessee's own cost and expense, take all actions as shall be necessary or advisable for the clean-up of the Premises as soon as practicable; which clean-up shall include all removal, containment and remedial actions in accordance with all Applicable Environmental Laws (and in all events in a manner satisfactory to Lessor), and Lessee shall further pay or cause to be paid at no expense to the Lessor all clean-up, administrative, and enforcement costs of applicable government agencies which may be asserted against the Premises, Lessor or any other owner thereof, or any lender of Lessor. With regard to the situations described in the preceding sentence, all costs, including, without limitation, those costs set forth above, damages, liabilities, losses, claims, expenses (including reasonable attorney fees and disbursements) and any and all other incidental costs which are incurred by or asserted against Lessor, without requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding shall be paid by Lessee to Lessor as incurred within ten (10) days after notice from Lessor itemizing the amounts incurred to the date of such notice. Lessee does hereby agree to pay any fines, charges, fees, expenses, damages, losses, liabilities, costs of clean-up, or response costs arising from or pertaining to any such Applicable Environmental Laws as a result of any of its own, or of someone under its control, actions, negligence, events, or circumstances and to indemnify and hold Lessor harmless therefrom.

All warranties, representations and covenants of Lessee above shall be continuing and shall remain true and correct in all material respects and shall survive the expiration of this Lease and/or any exercise of any remedy by Lessor hereunder, including the termination of this Lease. It shall, at the option of the Lessor, be a default should any of the representations warranties, or covenants be or become untrue or misleading or should the Premises become subject to any claim, notice, or action of a nature described above due to Lessee's fault.

Notwithstanding anything to the contrary contained herein, Lessor represents and warrants that as of the commencement of the Term of this Lease, it has no knowledge of any Hazardous Material other than those used in the ordinary course of the dialysis' facility business of whatever nature at the Leased Premises or the land upon which the Leased Premises are located. In the event that Hazardous Material of whatever kind or nature and wherever located, including, but not limited to, soil, water, building components, above ground or below ground storage containers are found to be present at the Premises (or land upon which the Premises are located,) and such event is due solely to Lessor's actions, Lessor will assume full responsibility and liability for remediation of same in accordance with all Applicable Environmental Laws, and will indemnify, defend and hold Lessee harmless from any and all claims and criminal and/or civil liability as a result of the existence of said Hazardous Materials, except as to any Hazardous Material released onto the Premises (or land upon which the Premised are located) by Lessee.

43. **COMPLIANCE WITH LAWS.** Lessee, at its sole cost and expense, shall comply in all material respects with and cause the Leased Premises to comply in all material respects with all applicable federal, state, county and municipal laws, rules, orders, regulations and ordinances affecting the Leased Premises (all or any one of which are herein referred to as "Regulations"). Lessor shall be responsible for the property's compliance with the Americans with Disabilities Act, other than for areas within the Leased Premises.

44. **SEPARABILITY.** Each and every covenant and agreement contained in this Lease shall be for any and all purposes hereof construed as separate and independent. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate applicable law and shall be limited to the extent necessary to render this Lease valid and enforceable. If any term, provision or covenant of this Lease or the application thereof to any person or circumstance shall be held to be invalid, illegal or unenforceable, the validity of the remainder of this Lease or the application of such term, provision or covenant to persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby.

45. **NOTICES, DEMANDS AND OTHER INSTRUMENTS.** All notices, demands, requests, consents and other instruments required or permitted to be given pursuant to the terms of this Lease shall be in writing and shall be deemed to have been properly given (i) upon personal delivery, (ii) upon deposit in the United States Mail, if sent by first class, registered or certified United States Mail, return receipt requested, or (iii) forwarded by a nationally recognized overnight courier service, addressed to each party hereto at:

Lessor:	INTEGRITY PROPERTIES, LLC 4805 Bear's Paw Springfield, IL 62711
copy to:	Duane Young Labarre, Young, & Behnke 1300 S. Eighth St. Springfield, IL 62703
Lessee:	RAI CARE CENTERS OF ILLINOIS II, LLC c/o RENAL ADVANTAGE INC. 115 East Park Drive, Suite 300 Brentwood, TN 37027. Attention: General Counsel
Guarantor:	RENAL ADVANTAGE INC. 115 East Park Drive, Suite 300 Brentwood, TN 37027. Attention: General Counsel

or at such other address in the United States as Lessor or Lessee may from time to time designate in writing and deliver to the other party.

46. **COUNTERPARTS.** This Lease may be executed in any number of counterparts, each of which is an original, but all of which shall constitute one instrument.

47. **APPLICABLE LAW.** This Lease shall be construed under and enforced in accordance with the laws of the State of Illinois.

48. **ALL GENDERS AND NUMBERS INCLUDED.** Whenever the singular or plural number, or masculine, feminine or neuter gender is used in this Lease, it shall equally apply to, extend to and include the other.

49. **TIME OF THE ESSENCE.** It is specifically agreed that the timely payment of each and every installment of rent and performance of each and every one of the terms, covenants and conditions hereof is of the essence of this Lease.

50. **SHORT FORM LEASE.** The parties will at any time at the request of either one, execute duplicate originals of any instrument in recordable form which will constitute a short form Lease or memorandum of Lease setting forth the description of the Leased Premises and the Term of this Lease so that it will not be necessary to record this Lease in its entirety.

51. **MERGER AND AMENDMENT.** Lessee acknowledges and agrees that all prior statements, representations, agreements and assurances made by the parties are merged into this Lease and that, except as herein provided, this Lease contains the entire agreement of the parties, and that no amendment or modification of this Lease shall be valid or binding unless expressed in writing and executed by the parties in writing hereto in the same manner as the execution of this Lease.

52. **ACTS OF GOD.** In any case where either party hereto is required to do any act, delays caused by or resulting from Acts of God, war, civil commotion, fire, flood or other casualty, labor difficulties, shortages of labor, materials or equipment, unusual government regulations, unusually severe weather, or other causes beyond such party's reasonable control shall not be counted in determining the time during which such Act shall be completed, whether such time be designated by a fixed date, a fixed time or "a reasonable time," and such time shall be deemed to be extended by the period of such delay.

53. **GUARANTY.** RENAL ADVANTAGE INC. ("Guarantor") represents that it is the sole owner of RAI Care Centers Holdings II, LLC, and that RAI Care Centers Holdings II, LLC is the sole owner of RAI CARE CENTERS OF ILLINOIS II, LLC, and to induce INTEGRITY PROPERTIES, LLC to enter into this Lease, the Guarantor, RENAL ADVANTAGE INC. does hereby, without reservation, guarantee each and every obligation of the Lessee set forth herein including, but not limited to, the prompt and punctual payment of Base Rent, Additional Rent, Operating Costs, and any other sums whatsoever due hereunder.

Notwithstanding anything herein to the contrary, the Landlord agrees to copy the Guarantor with respect to any notice of default given to the Tenant under the Lease pursuant to which the Landlord desires to make a claim hereunder or exercise remedies under the Lease and no obligation of the Guarantor hereunder shall be due until any applicable Tenant's notice and cure period has expired.

THIS INSTRUMENT WAS EXECUTED ON THE 4th DAY OF January, 2007.

LESSOR:

INTEGRITY PROPERTIES, LLC
4805 Bear's Paw
Springfield, IL 62711

By:

Joseph S. Oettel
Joseph S. Oettel, Member-Manager

LESSEE:

RAI CARE CENTERS OF ILLINOIS II, LLC
115 East Park Drive, Suite 300
Brentwood, TN 37027

By:

Michael Klein
Michael Klein
Print Name
President
Title

GUARANTOR:

RENAL ADVANTAGE INC.
115 East Park Drive, Suite 300
Brentwood, TN 37027

By:

Michael Klein
Michael Klein
Print Name
President
Title

RULES AND REGULATIONS

1. Lessee, Lessee's employees, customers, clientele, guests, invitees or visitors shall not loiter in the entrances or corridors, or in any way obstruct the sidewalks, entry passages, halls, or stairways, and shall use the common areas only as means of passage to and from the respective offices.
2. Lessee, Lessee's employees, customers, clientele, guests, invitees or visitors shall not smoke in any interior area of the Building.
3. Doors, windows, glass doors, and skylights that reflect or admit light into the halls or other common areas of the Building shall not be covered or obstructed. The toilets and urinals shall not be used for any purposes other than those for which they were constructed, and no rubbish or other substance of any kind shall be thrown into them. Waste and excessive or unusual use of water shall not be allowed. Lessee shall not mark, paint, drive nails into, screw or drill into, or in any way deface, the walls, ceilings, partitions, floors, wood, stone, or ironwork, except for hanging of pictures in the appropriate manner and installation of tenant fixtures and equipment. The expense of any breakage, stoppage, or damage resulting from the violation of this rule shall be borne by any Lessee who has caused such breakage, stoppage, or damage.
4. No sign, advertisement, or notice shall be inscribed, painted or fixed to any part of the Building that does not conform with the general architectural scheme of the Leased Premises. The design and location of any such sign(s) must be approved by Lessor prior to the installation thereof which approval Lessor shall not unreasonably withhold, condition or delay.
5. Electric wiring of every kind shall be routed throughout the Premises and connected as directed by Lessor, and no boring or cutting for wires will be allowed except with the consent of Lessor. The location of telephones, call boxes, and other communication equipment shall be prescribed by Lessor, after consultation with Lessee.
6. Lessor shall prescribe the weight and size of all large furniture or other large personal property brought into the Building, and the position of any equipment weighing more than 300 pounds, and also the times of moving such property in and out of the Building. All moving must be done under the supervision of Lessor. Lessor will not be responsible for any loss or damage to any property from any cause, but all damage done to the Building by moving or maintaining the property shall be repaired at the expense of Lessee.
7. Lessee shall not place any locks on any door in the Building without the prior written consent of Lessor. A key or the combination shall be promptly furnished by Lessee for each lock in the Leased Premises. All keys must be surrendered to Lessor on termination of this Lease. Lessee shall keep a written record of all persons who have key to Premises and shall provide Lessor with an up to date copy of written record to Lessor upon request.

8. Lessor shall not be responsible for any loss of, or damage to, property of Lessee or its employees caused by personnel of the janitorial/cleaning service.
9. Lessee and its employees shall not create or permit unreasonably loud or distracting noises in the Building, or otherwise disturb or interfere with other Lessees, throw anything out of windows or doors, place anything on window sills, or bring into, or keep within the Building any bicycle, motorcycle, or other vehicle, or any animal, except trained seeing-eye or hearing-ear dogs.
10. All freight must be moved into and out of the Building under the supervision of Lessor and according to such regulations as may be posted in the office of the Building, but Lessor will not be responsible for loss of or damage to such freight from any cause.
11. The requirements of Lessee relating to the Premises will be attended to only on application by Lessee to Lessor, or Lessor's designated representative. Employees of Lessor shall not perform any work or do anything outside of their regular duties unless under special instructions from the building office, and all work required of Lessor's employees should be initiated through Lessor.
12. Additional window shade or covering desired by Lessee shall be put up at Lessee's expense and must be of such uniform shape, color, material, and style as may be prescribed by Lessor. No awnings will be allowed on the outer surfaces of the Building.
13. At any time while the Building is in charge of a security guard, any person entering or leaving the Building may be questioned by him as to his business in the Building, and anyone not satisfying the guard of his right to enter the Building may be excluded.
14. Canvassing, peddling, or soliciting on the Premises is prohibited, and it is the duty of Lessee to exercise all due effort to discourage this activity.
15. The Leased Premises shall not be used at any time by Lessee or Lessee's employees, invitees, agents, or customers, for lodging or sleeping purposes.
16. Lessee shall not suffer any person within his employ or control to operate any radio, television or other audible device at a volume level which does, or may, cause any nuisance or interference with any other occupant in the Building.
17. Lessee acknowledges that all parking spaces are unassigned and will be used in cooperation with other lessees of the Building.
18. Lessee shall permit no abandoned or stored vehicles to remain on the parking lot; a vehicle will be deemed abandoned if it remains on the parking lot for more than seventy-two (72) hours without having been moved.
19. Lessor reserves the right to make such other and further rules and regulations as in Lessor's judgment may from time to time be necessary for the safety and cleanliness of, and for the preservation of good order in, the Building.

Exhibit A.



JOHN SHAFER & ASSOCIATES, INC
ARCHITECTS & PLANNERS

December 15, 2006

Mr. Joe Oettel
Integrity Properties, LLC
4805 Bear's Paw Ct.
Springfield, Illinois 62707

**Re: 1112 Centre West
Springfield, Illinois**

Dear Joe,

Based upon the floor plan, we have come up with the following square foot calculations:

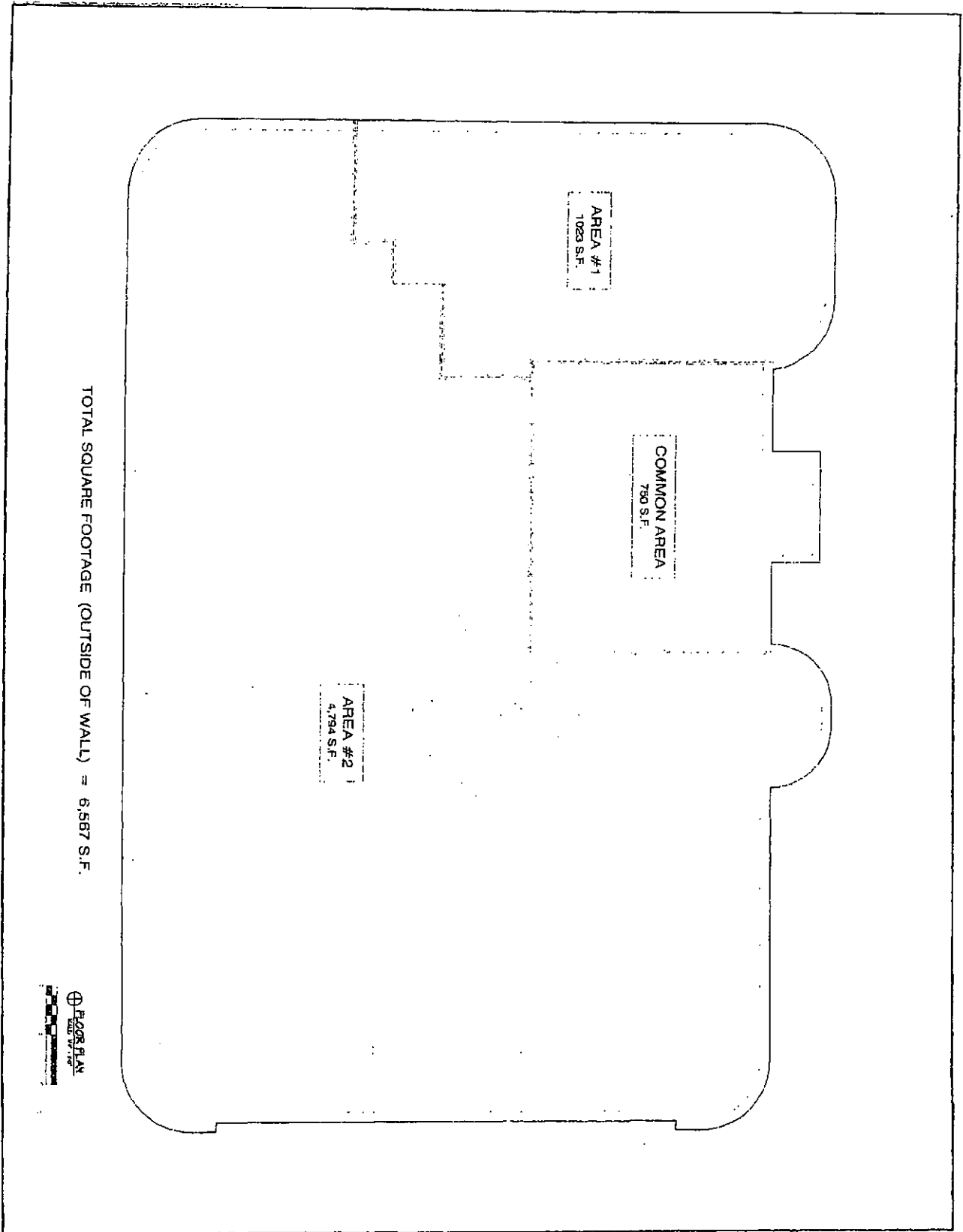
Space	sf	caf	total
Area 1	1,023 sf + 132 sf		= 1,155 sf
Area 2	4,794 sf + 618 sf		= <u>5,412 sf</u>
Total			= 6,567 sf

Please feel free to contact me at your convenience.

Sincerely,

John Shafer - AIA

Exhibit B.



TOTAL SQUARE FOOTAGE (OUTSIDE OF WALL) = 6,567 S.F.

SQUARE FOOTAGE

AREA #1	1023
COMMON AREA	750
AREA #2	4794
TOTAL	6567

PROJECT:

LINDA LINDO ANALYSIS
311 CENTRE STREET, SUITE 201
SPRINGFIELD, ILLINOIS 62761

ARCHITECT:

JOHN SHAW & ASSOCIATES, INC.
1100 S. 7TH STREET
SPRINGFIELD, ILLINOIS 62761
(217) 724-4000

PREPARED FOR THE CLIENT:

DATE	NO.	REV.
11/11/08	1	100%
11/11/08	2	100%
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11/11/08	100	100%

Date Entered: _____

Checked by SAK: _____

MediTract's Contract Cover Sheet

1. Contracting Entity: RAI Care Centers of ILLINOIS, LLC

2. Contract Type: LEASE

3. Department: Legal

4. Site: AB7 RAI - CENTRE WEST - SPRINGFIELD

5. Primary Responsible Party: Jon Sundock

6. Secondary Responsible Party: DERRICK BYL

7. Third Responsible Party (Optional): Sam Kopta

8. Vendor: INTEGRITY PROPERTIES, LLC

9. Terms: 03.01.07 - 02.28.17

10. Renewal Options: NONE

Automatic Renewal

11. Scanned File Name: SPRINGFIELD - LEASE

12. Contract Number: _____

Attachment

Replace Document

FIRST AMENDMENT TO OFFICE LEASE

This agreement made and entered into this 1st day of July, 2008, by and between INTEGRITY PROPERTIES, LLC, hereinafter for convenience referred to as "Landlord" and RAI CARE CENTERS OF ILLINOIS II, LLC, hereinafter referred to as "Tenant",

WITNESSETH:

WHEREAS on January 4, 2007, the Landlord and Tenant executed a signed contract to lease office space located at 1112 Centre West Dr., Springfield, IL 62704; and,

WHEREAS the Tenant now desires to increase the amount of leased office space Three Hundred Ninety-one (391) square feet effective August 1, 2008; and,

WHEREAS the parties desire to reduce to writing an agreement reflecting the appropriate figures, numbers, percentages and reimbursements to be made by the Tenant to the Landlord; and,

WHEREAS the Landlord has caused the actual area of the property to be diagramed, measured and articulated by an architect, John Schafer & Associates, Inc., a copy of whose drawings dated June 24, 2008 are attached hereto marked Exhibit A and by this reference made a part hereof; and,

WHEREAS the parties hereto intend that this agreement and addendum to the lease amends the Office Lease dated January 4, 2007, but only in accordance with the terms hereof, and shall not affect the remaining undertakings, terms, conditions and responsibilities as set forth in the original Office Lease.

IT IS THEREFORE in consideration of \$1.00 in hand paid to each party to the other agreed by and between Landlord and Tenant as follows:

1. That Exhibit A attached hereto accurately depicts the floor plan and occupancy of the Tenant in the office building located at 1112 Center West Dr., Springfield, IL 62704 effective August 1, 2008; that the revised percentage of occupancy of the Tenant as of August 1, 2008 is 88.4%, including the Tenant's share of the common areas; that the revised square footage upon which the rents are to be calculated is Five Thousand Eight Hundred Three (5,803) square feet, which is composed of Five Thousand One Hundred Forty (5140) square feet of the Tenant's exclusive occupancy, and 88% of the common area being Six Hundred Sixty-three (663) square feet (750 sq ft X 88.4%).

2. The parties agree the revised Base Rent effective August 1, 2008 is One Hundred Thousand Three Hundred Fifty-nine and 86/100 dollars (\$100,359.86) payable in equal monthly installments of Eight Thousand Three Hundred Sixty-three and 32/100 dollars (\$8363.32) on the first day of each month.

3. Effective August 1, 2008, Section 3 RENTS of the Office Lease dated January 4, 2007 shall be amended by deleting the "Schedule of Rents" and replacing it with the following revised "Schedule of Rents":

		Base Annual Rent	Base Monthly Rent
3/1/07-2/29/08	Lease Year 1	\$93,597.72	\$7799.81
3/1/08-7/31/08	Lease Year 2	\$93,597.72	\$7799.81
8/1/08-2/28/09	Lease Year 2	\$100,359.86	\$8363.32
3/1/09-2/28/10	Lease Year 3	\$104,374.25	\$8697.85
3/1/10-2/28/11	Lease Year 4	\$108,549.22	\$9045.77
3/1/11-2/29/12	Lease Year 5	\$112,891.19	\$9407.60
3/1/12-2/28/13	Lease Year 6	\$117,406.84	\$9783.90
3/1/13-2/28/14	Lease Year 7	\$122,103.11	\$10,175.26
3/1/14-2/28/15	Lease Year 8	\$126,987.24	\$10,582.27
3/1/15-2/29/16	Lease Year 9	\$132,066.73	\$11,005.56
3/1/16-2/28/17	Lease Year 10	\$137,349.40	\$11,445.78

3. Effective August 1, 2008, Section 4 LESSE'S PRO RATA SHARE of the Office Lease dated January 4, 2007 shall be amended by deleting the figure "eighty

two and 4/10 percent (82.4%)” in lines 4-5 and replacing it with “eighty-eight and 4/10 percent (88.4%)”.

4. Effective August 1, 2008, Section 17 UTILITIES of the Office Lease dated January 4, 2007 shall be amended by deleting the figure “ninety-five and 6/10 percent (95.6%)” in line 2 and replacing it with “one hundred percent (100%)”.

5. The parties otherwise reaffirm all the terms and conditions of the original Office Lease dated January 4, 2007, except as modified by this further agreement and amendment.

6. Each signatory warrants that he or she has full authority to execute this agreement on behalf of his/her principal.

THIS INSTRUMENT WAS EXECUTED ON THE 1ST DAY OF JULY 2008.

Landlord: INTEGRITY PROPERTIES, LLC
4805 Bear's Paw
Springfield, IL 62711

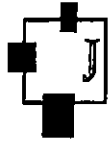
By: Joseph S. Oettel
Joseph S. Oettel—Member Manager

RAI CARE CENTERS OF ILLINOIS II, LLC
115 East Park Dr, Suite 300
Brentwood, TN 37027

By: Dean M. Weiland

Dean M. Weiland
Print Name

COO
Title



JOHN SHAFER & ASSOCIATES, INC.
ARCHITECTS & PLANNERS

June 24, 2008

Mr. Joe Oettel
Integrity Properties, LLC
4805 Bear's Paw Ct.
Springfield, Illinois 62707

Re: **1112 Centre West**
Springfield, Illinois

Dear Joe,

Based upon the floor plan, we have come up with the following square foot calculations:

Space	sf	caf	total
Area 1	677 sf +	87 sf =	764 sf
Area 2	5,140 sf +	663 sf =	<u>5,803 sf</u>
Total			= 6,567 sf

Please feel free to contact me at your convenience.

Sincerely,

Steve Warren - AIA

SECOND AMENDMENT TO OFFICE LEASE

This agreement made and entered into this 30 day of September, 2009, by and between INTEGRITY PROPERTIES, LLC, hereinafter for convenience referred to as "Landlord" and RAI CARE CENTERS OF ILLINOIS II, LLC, hereinafter referred to as "Tenant",

WITNESSETH:

WHEREAS on January 4, 2007, the Landlord and Tenant executed a signed contract to lease office space located at 1112 Centre West Dr., Springfield, IL 62704, and was amended by the FIRST AMENDMENT TO OFFICE LEASE dated July 1, 2008; and,

WHEREAS the Tenant now desires to increase the amount of leased office space Seven Hundred Sixty-four (764) square feet effective October 1, 2009; and,

WHEREAS the parties desire to reduce to writing an agreement reflecting the appropriate figures, numbers, percentages and reimbursements to be made by the Tenant to the Landlord; and,

WHEREAS the Landlord has caused the actual area of the property to be diagrammed, measured and articulated by an architect, John Schafer & Associates, Inc., a copy of whose drawings dated June 24, 2008 are attached hereto marked Exhibit A and by this reference made a part hereof. The additional space is marked on Exhibit A as Area #1 plus the *pro-rata* share of the Common Area; and,

WHEREAS the parties hereto intend that this agreement and addendum to the lease amends the Office Lease dated January 4, 2007, but only in accordance with the terms hereof, and shall not affect the remaining undertakings, terms, conditions and responsibilities as set forth in the original Office Lease.

IT IS THEREFORE in consideration of \$1.00 in hand paid to each party to the other agreed by and between Landlord and Tenant as follows:

1. That Exhibit A attached hereto accurately depicts the floor plan and occupancy of the Tenant (Includes Area #1, Area #2, and the Common Area) in the office building located at 1112 Center West Dr., Springfield, IL 62704 effective October 1, 2009; that the revised percentage of occupancy of the Tenant as of October 1, 2009 is 100% of the entire building; that the revised square footage upon which the rents are to be calculated is Six Thousand Five Hundred Sixty-seven (6567) square feet.

2. The parties agree the revised Base Rent effective October 1, 2009 is One Hundred Eighteen Thousand Seventy-four and 66/100 dollars (\$118,074.66) payable in equal monthly installments of Nine Thousand Eight Hundred Thirty-nine and 55/100 dollars (\$9839.55) on the first day of each month.

3. Effective October 1, 2009, Section 3 RENTS of the Office Lease dated January 4, 2007 shall be amended by deleting the "Schedule of Rents" and replacing it with the following revised "Schedule of Rents":

		Base Annual Rent	Base Monthly Rent
3/1/07-2/29/08	Lease Year 1	\$93,597.72	\$7799.81
3/1/08-7/31/08	Lease Year 2	\$93,597.72	\$7799.81
8/1/08-2/28/09	Lease Year 2	\$100,359.86	\$8363.32
3/1/09-9/30/09	Lease Year 3	\$104,374.25	\$8697.85
10/1/09-2/28/10	Lease Year 3	\$118,074.66	\$9839.55
3/1/10-2/28/11	Lease Year 4	\$122,797.64	\$10,233.13
3/1/11-2/29/12	Lease Year 5	\$127,709.54	\$10,642.46
3/1/12-2/28/13	Lease Year 6	\$132,817.92	\$11,068.16
3/1/13-2/28/14	Lease Year 7	\$138,130.63	\$11,510.88
3/1/14-2/28/15	Lease Year 8	\$143,655.85	\$11,971.32
3/1/15-2/29/16	Lease Year 9	\$149,402.08	\$12,450.17
3/1/16-2/28/17	Lease Year 10	\$155,378.16	\$12,948.18

3. Effective October 1, 2009, Section 4 LESSE'S PRO RATA SHARE of the Office Lease dated January 4, 2007, as amended by the FIRST AMENDMENT TO

OFFICE LEASE, dated July 1, 2008, shall again be amended by deleting the figure "eighty-eight and 4/10 percent (88.4%)" in lines 4-5 and replacing it with "one hundred percent (100%)".

4. The parties otherwise reaffirm all the terms and conditions of the original Office Lease dated January 4, 2007 and the FIRST AMENDMENT TO OFFICE LEASE dated July 1, 2008, except as modified by this further agreement and amendment.

5. Each signatory warrants that he or she has full authority to execute this agreement on behalf of his/her principal.

THIS INSTRUMENT WAS EXECUTED ON THE 30 DAY OF SEPTEMBER 2009.

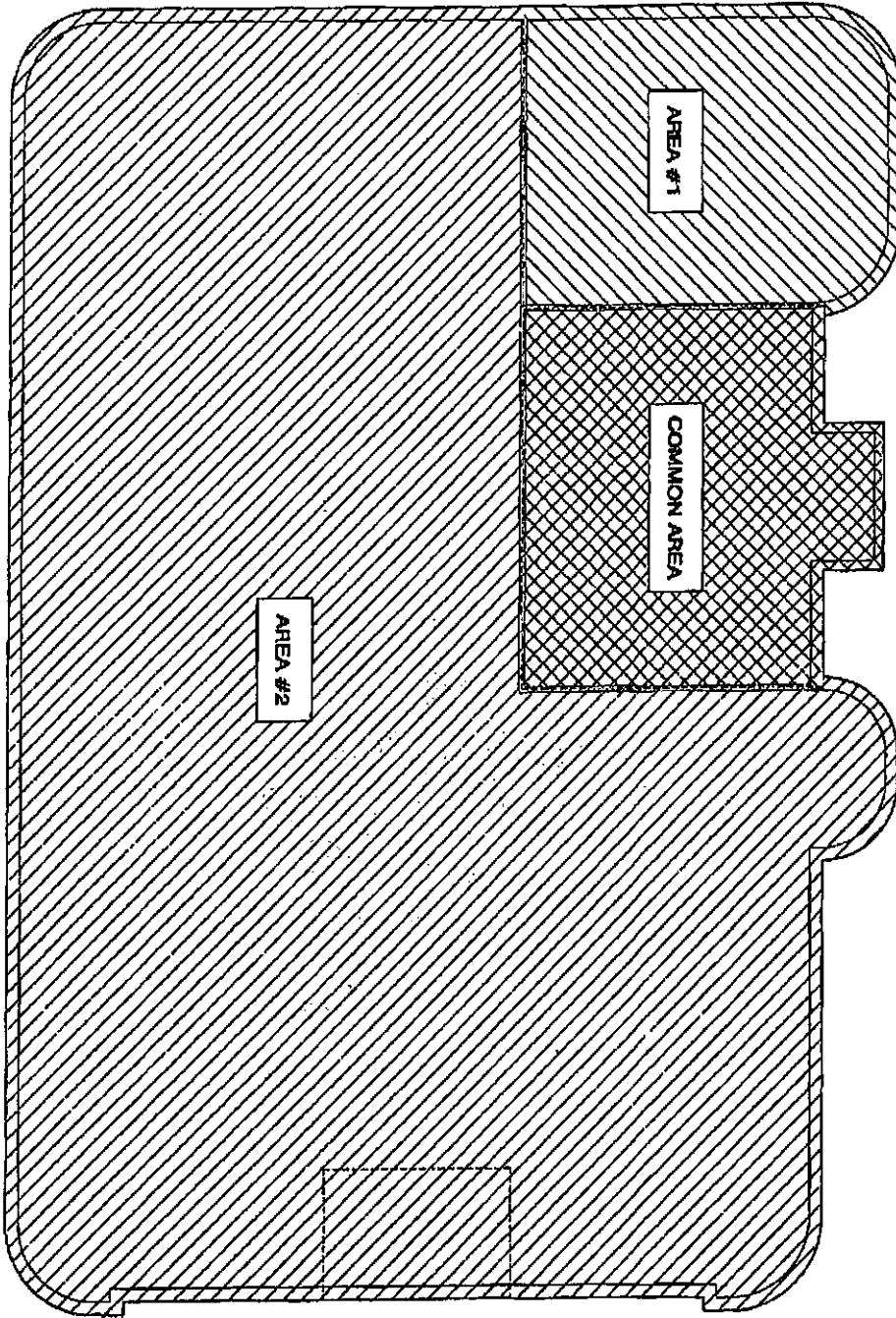
Landlord: INTEGRITY PROPERTIES, LLC
3216 Falcon Pt.
Springfield, IL 62711

By: Joseph S. Oettel
Joseph S. Oettel—Member Manager

RAI CARE CENTERS OF ILLINOIS II, LLC
115 East Park Dr, Suite 300
Brentwood, TN 37027

By: TARWATER
Print Name
VP
Title

Exhibit A



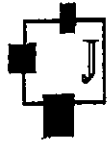
SQUARE FOOTAGE	
AREA #1	10,000
COMMON AREA	2,000
AREA #2	15,000
TOTAL	27,000

PROJECT:
 LINDSAY PALMER
 112 CARING WEST DRIVE
 SPRINGFIELD, ILLINOIS

ARCHITECT:
 JOHN SWANER & ASSOC., INC.
 1204 S. PEPPI STREET
 SPRINGFIELD, ILLINOIS 62705
 (217) 744-4288

PREPARED FOR THE CONSTRUCTION

NO.	DATE	DESCRIPTION
1	10/1/00	ISSUED FOR PERMITS
2	10/1/00	ISSUED FOR CONSTRUCTION
3	10/1/00	ISSUED FOR CONSTRUCTION



JOHN SHAFER & ASSOCIATES, INC.
ARCHITECTS & PLANNERS

June 24, 2008

Mr. Joe Oettel
Integrity Properties, LLC
4805 Bear's Paw Ct.
Springfield, Illinois 62707

Re: 1112 Centre West
Springfield, Illinois

Dear Joe,

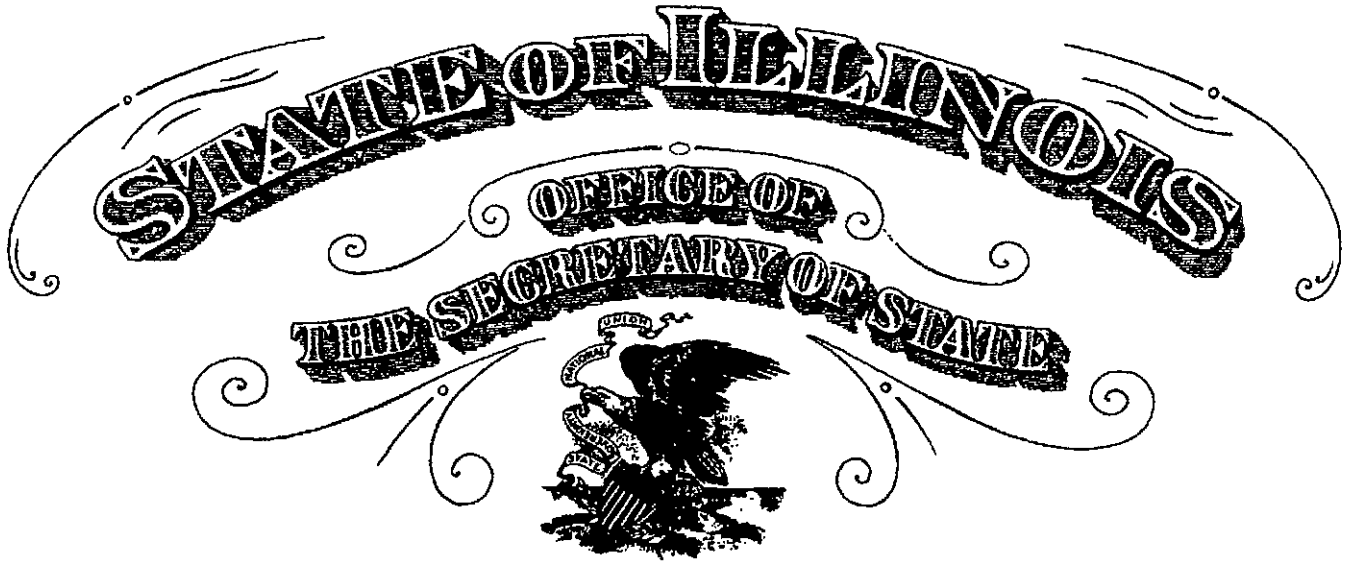
Based upon the floor plan, we have come up with the following square foot calculations:

Space	sf	caf	total
Area 1	677 sf	+ 87 sf	= 764 sf
Area 2	5,140 sf	+ 663 sf	= <u>5,803 sf</u>
Total			= 6,567 sf

Please feel free to contact me at your convenience.

Sincerely,

Steve Warren - AIA



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

RAI CARE CENTERS OF ILLINOIS II, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON AUGUST 15, 2005, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 1ST day of DECEMBER A.D. 2010 .



Jesse White

SECRETARY OF STATE ATTACHMENT 3

ORGANIZATIONAL RELATIONSHIPS

The proposed change of ownership will not involve the changing of the Medicare certification holder, RAI Care Centers of Illinois, II, LLC. The Medicare certification holder is currently and following the change of ownership will be directly "controlled" by Liberty Dialysis Holdings, Inc., pursuant to the definition of "control" contained in Section 1130.140. Liberty Dialysis Holdings, Inc. will be "controlled" by Fresenius Medical Care Holdings, Inc.

RAI Care Centers of Illinois II, LLC, as the current and proposed Medicare certification holder, is named as an applicant. Liberty Dialysis Holdings, Inc. is named as an applicant because it currently and will "control" the Medicare certification holder.

The proposed changes of ownership of the Illinois ESRD facilities will not involve debt financing.

No individuals own a 5% or greater interest in any applicant entity.

ITEMIZATION OF PROJECT COSTS

Consulting and Other Fees (\$100,000)

Estimate of costs to be incurred associated with CON filing (\$22,000), legal and consulting services related to the CON process (\$40,000), feasibility, accounting, and other services (\$38,000).

Acquisition Cost (\$6,523,533)

Apportionment of the acquisition described in the filed *Agreement and Plan of Merger*. Apportionment was based on 2011 EBITDA (please see Exhibit 1.1e of *Agreement*, and represents 1.16% of the ownership interest in RAI.

BACKGROUND OF THE APPLICANT

Liberty Dialysis Holdings, Inc., directly or indirectly owns and/or operates three End Stage Renal Disease (ESRD) facilities in Illinois:

RAI-Centre West-Springfield
Springfield
#14-2536

RAI-Lincoln Highway
Fairview Heights
#14-2558

RAI-North Main
Breese
#14-2637

Attached also are: 1) proof of Medicare Certification for the three facilities to be acquired, and as listed above; 2) a listing of all Illinois ESRD facilities directly or indirectly owned and/or operated by Fresenius Medical Care Holdings, Inc.; and 3) applicable letters addressing the absence of "adverse actions", and allowing access to information.

No individuals hold an ownership interest of 5% or more of any entity named as an applicant.

A88

N. Main - Breese

Midwestern Consortium
Division of Survey and Certification



May 8, 2006

Vpdf

Ms. GERALYN VOGEL
Clinic Manager

~~Brookdale Center
150 North Main Street
Breese, IL 62230~~

Dear Ms. Vogel:

Subject: Change of Ownership - ~~Supplier Number 74-2637~~

We were notified that the end-stage renal disease facility, Gambro Healthcare Renal Care, Inc. d/b/a Gambro Healthcare-Breese, changed ownership effective January 1, 2006. It is now operating as RAI Care Centers of Illinois I, LLC d/b/a Breese Dialysis. When a provider of services undergoes a change in ownership, the existing provider number is automatically assigned to the new owner. The new owner is then subject to all terms and conditions under which the existing agreement was issued.

Your facility has been approved for eight (8) maintenance stations. Also, your facility is approved to provide the following services:

- Staff Assisted Hemodialysis
- Staff Assisted Peritoneal Dialysis
 - o Self Administered Peritoneal Dialysis - Patient Training and Support of Continuous Ambulatory Peritoneal Dialysis (CAPD)

Highmark Carefirst (BCBS-GA) has been authorized to process your Medicare claims. Your facility has been assigned the identification number shown above. This number should be entered on all forms and correspondence relating to the Medicare program.

Again, thank you for notifying us of your change of ownership. Should there be a future change in your legal status as owner of the facility, please promptly notify the Centers for Medicare & Medicaid Services (CMS). Furthermore, you should report to the Illinois Department of Public Health any changes in staffing, services, or organization that might affect your certification status.

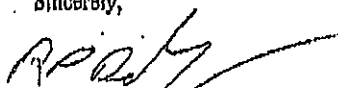
233 North Michigan Avenue
Suite 600
Chicago, Illinois 60601-5519

Richard Bolling Federal Building
601 East 12th Street, Room 235
Kansas City, Missouri 64106-2800

Ms. Vogel
Page 2

We welcome your participation and look forward to working with you in the administration of the Medicare program. If you have any questions, please contact Sarah McBride in the Chicago office at (312) 353-9613.

Sincerely,



Robert P. Daly
Branch Manager

cc: Illinois Department of Public Health
Illinois Department of Public Aid
Highmark Carefirst (BCBS-GA)
Illinois Foundation for Quality Health Care

A89

Lincoln Hwy. - Fairview HHS

Midwestern Consortium
Division of Survey and Certification



May 8, 2006

Ms. Gemlyn Vogel
Clinic Manager
~~Fairview Heights, IL 62208~~
~~225 E. Lincoln Hwy.~~
Fairview Heights, IL 62208

Dear Ms. Vogel:

Subject: Change of Ownership - ~~Supplier Number 14258804~~

We were notified that the end-stage renal disease facility, Cambro Healthcare Renal Care, Inc. d/b/a Cambro Healthcare-Fairview Heights, changed ownership effective January 1, 2006. It is now operating as RAI Care Centers of Illinois I, LLC- Fairview Heights. When a provider of services undergoes a change in ownership, the existing provider number is automatically assigned to the new owner. The new owner is then subject to all terms and conditions under which the existing agreement was issued.

Your facility has been approved for twenty (20) maintenance stations. Also, your facility is approved to provide the following services:

- Staff Assisted Hemodialysis
- Staff Assisted Peritoneal Dialysis
 - Self Administered Peritoneal Dialysis - Patient Training and Support of Continuous Ambulatory Peritoneal Dialysis (CAPD)

Blue Cross Blue Shield-GA has been authorized to process your Medicare claims. Your facility has been assigned the identification number shown above. This number should be entered on all forms and correspondence relating to the Medicare program.

Again, thank you for notifying us of your change of ownership. Should there be a future change in your legal status as owner of the facility, please promptly notify the Centers for Medicare & Medicaid Services (CMS). Furthermore, you should report to the Illinois Department of Public Health any changes in staffing, services, or organization that might affect your certification status.

233 North Michigan Avenue
Suite 600
Chicago, Illinois 60601-5519

Richard Bolling Federal Building
601 East 12th Street, Room 235
Kansas City, Missouri 64106-2808

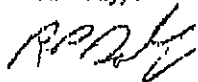
MAY-19-2006 13:35 From: RENAL ADVANTAGE, INC 6186228508 To: 161655273300 P.2/3

65

Ms. Vogel
Page 2

We welcome your participation and look forward to working with you in the administration of the Medicare program. If you have any questions, please contact Sarah McBride in the Chicago office at (312) 353-9613.

Sincerely,



Robert P. Dely
Branch Manager

cc: Illinois Department of Public Health
Illinois Department of Public Aid
BCBS-GA
Illinois Foundation for Quality Health Care

P.3/3

To: 16155073300

ROY-19-2006 13:25 From: RENEAL ADVANTAGE, INC 6186326903

Midwestern Consortium
Division of Survey and Certification



Supplier Number: 14-2546

December 5, 2006

Martin Valtierra, R.N.
Center Director
RAI Care Center of Illinois, Inc.
1112 Centre West Drive
Springfield, Illinois 62704

Dear Mr. Valtierra:

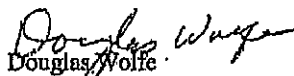
Based upon information provided by the Illinois Department of Public Health, your renal dialysis facility (BSRD) is approved to provide self-administered hemodialysis services effective November 6, 2006. Your facility is approved for a total of fourteen (14) stations and continues to be approved to provide the following services:

- Staff-Assisted Hemodialysis;
- Staff-Assisted Peritoneal Dialysis;
- Patient Training for Hemodialysis;
- Patient Training for Continuous Ambulatory Peritoneal Dialysis (CAPD);
- Patient Training for Continuous Cycling Peritoneal Dialysis (CCPD);
- Self-Administered Hemodialysis;
- Self-Administered Peritoneal Dialysis.

Regulations at 42 CFR 489.18 require that providers notify CMS when there is a change of ownership. Therefore, you must notify this office promptly if there is a change in your legal status as owner of this facility. You must also report to the State agency any changes in staffing, services, or organization which might affect your certification status.

We look forward to continuing to work with you in the administration of the Medicare program. If you have any questions regarding this letter, please contact Justin Pak of the Chicago office at (312) 3535-0519.

Sincerely,


Douglas Wolfe
Program Representative
Non-Long Term Care Branch

cc: Illinois Department of Public Health
Illinois Department of Healthcare and Family Services
Trailblazers Health Enterprises, Inc.
The Renal Network, Inc.

233 North Michigan Avenue
Suite 600
Chicago, Illinois 60601-5519

Richard Bolling Federal Building
601 East 12th Street, Room 235
Kansas City, Missouri 64106-2808

ATTACHMENT 11

Fresenius Medical Care Holdings, Inc. In-center Clinics in Illinois

Clinic	Provider #	Address	City	Zip
Alsip	14-2630	12250 S. Cicero Ave Ste. #105	Alsip	60803
Antioch	14-2673	311 Depot St., Ste. H	Antioch	60002
Aurora	14-2515	455 Mercy Lane	Aurora	60506
Austin Community	14-2653	4800 W. Chicago Ave., 2nd Fl.	Chicago	60651
Berwyn	14-2533	2601 S. Harlem Avenue, 1st Fl.	Berwyn	60402
Blue Island	14-2539	12200 S. Western Avenue	Blue Island	60406
Bolingbrook	14-2605	538 E. Boughton Road	Bolingbrook	60440
Bridgeport	14-2524	825 W. 35th Street	Chicago	60609
Burbank	14-2641	4811 W. 77th Street	Burbank	60459
Carbondale	14-2514	725 South Lewis Lane	Carbondale	62901
Champaign (managed)	14-2588	1405 W. Park Street	Champaign	61801
Chatham		333 W. 87th Street	Chicago	60620
Chicago Dialysis	14-2506	820 West Jackson Blvd.	Chicago	60607
Chicago Westside	14-2681	1340 S. Damen	Chicago	60608
Congress Parkway	14-2631	3410 W. Van Buren Street	Chicago	60624
Crestwood	14-2538	4861-73 W. Cal Sag Road	Crestwood	60445
Decatur East	14-2503	1830 S. 44th St.	Decatur	62521
Deerfield	14-2710	405 Lake Cook Road	Deerfield	60015
Des Plaines		1625 Oakton Place	Des Plaines	60018
Downers Grove	14-2503	3825 Highland Ave., Ste. 102	Downers Grove	60515
DuPage West	14-2509	450 E. Roosevelt Rd., Ste. 101	West Chicago	60185
DuQuoin	14-2595	#4 West Main Street	DuQuoin	62832
East Belmont	14-2531	1331 W. Belmont	Chicago	60613
East Peoria	14-2562	3300 North Main Street	East Peoria	61611
Elgin		2130 Point Boulevard	Elgin	60123
Elk Grove	14-2507	901 Biesterfeld Road	Elk Grove	60007
Evanston	14-2621	2953 Central Street	Evanston	60201
Evergreen Park	14-2545	9730 S. Western Avenue	Evergreen Park	60805
Garfield	14-2555	5401 S. Wentworth Ave.	Chicago	60609
Glendale Heights	14-2617	520 E. North Avenue	Glendale Heights	60139
Glenview	14-2551	4248 Commercial Way	Glenview	60025
Greenwood	14-2601	1111 East 87th St., Ste. 700	Chicago	60619
Gurnee	14-2549	101 Greenleaf	Gurnee	60031
Hazel Crest	14-2607	17524 E. Carriageway Dr.	Hazel Crest	60429
Hoffman Estates	14-2547	3150 W. Higgins, Ste. 190	Hoffman Estates	60195
Jackson Park	14-2516	7531 South Stony Island Ave.	Chicago	60649
Joliet		721 E. Jackson Street	Joliet	60432
Kewanee	14-2578	230 W. South Street	Kewanee	61443
Lake Bluff	14-2669	101 Waukegan Rd., Ste. 700	Lake Bluff	60044
Lakeview	14-2679	4008 N. Broadway, St. 1200	Chicago	60613
Lombard		1940 Springer Drive	Lombard	60148
Lutheran General	14-2559	8565 West Dempster	Niles	60714
Macomb	14-2591	523 E. Grant Street	Macomb	61455
Marquette Park	14-2566	6515 S. Western	Chicago	60636
McLean Co	14-2563	1505 Eastland Medical Plaza	Bloomington	61704
McHenry	14-2672	4312 W. Elm St.	McHenry	60050
Melrose Park	14-2554	1111 Superior St., Ste. 204	Melrose Park	60160
Merrionette Park	14-2667	11630 S. Kedzie Ave.	Merrionette Park	60803
Metropolis	14-2705	20 Hospital Drive	Metropolis	62960
Midway	14-2713	6201 W. 63rd Street	Chicago	60638
Mokena	14-2689	8910 W. 192nd Street	Mokena	60448
Morris	14-2596	1401 Lakewood Dr., Ste. B	Morris	60450
Mundelein		1400 Townline Road	Mundelein	60060
Naperville	14-2543	100 Spalding Drive Ste. 108	Naperville	60566
Naperville North	14-2678	516 W. 5th Ave.	Naperville	60563
Niles	14-2500	7332 N. Milwaukee Ave	Niles	60714
Norridge	14-2521	4701 N. Cumberland	Norridge	60656
North Avenue	14-2602	805 W. North Avenue	Melrose Park	60160
North Kilpatrick	14-2501	4800 N. Kilpatrick	Chicago	60630
Northwestern University	14-2597	710 N. Fairbanks Court	Chicago	60611
Oak Park	14-2504	773 W. Madison Street	Oak Park	60302
Orland Park	14-2550	9160 W. 159th St.	Orland Park	60462

Facility List

Oswego	14-2677	1051 Station Drive	Oswego	60543
Ottawa	14-2576	1601 Mercury Court	Ottawa	61350
Palatine		Dundee Road	Palatine	60074
Pekin	14-2571	600 S. 13th Street	Pekin	61554
Peoria Downtown	14-2574	410 R.B. Garrett Ave.	Peoria	61605
Peoria North	14-2613	10405 N. Juliet Court	Peoria	61615
Plainfield	14-2707	2300 Michas Drive	Plainfield	60544
Polk	14-2502	557 W. Polk St.	Chicago	60607
Pontiac	14-2611	804 W. Madison St.	Pontiac	61764
Prairie	14-2569	1717 S. Wabash	Chicago	60616
Randolph County	14-2589	102 Memorial Drive	Chester	62233
River Forest		103 Forest Avenue	River Forest	60305
Rockford	14-2615	1302 E. State Street	Rockford	61104
Rogers Park	14-2522	2277 W. Howard St.	Chicago	60645
Rolling Meadows	14-2525	4180 Winnetka Avenue	Rolling Meadows	60008
Roseland	14-2690	135 W. 111th Street	Chicago	60628
Ross-Englewood	14-2670	6333 S. Green Street	Chicago	60621
Round Lake	14-2616	401 Nippersink	Round Lake	60073
Sandwich	14-2700	1310 Main Street	Sandwich	60548
Saline County	14-2573	275 Small Street, Ste. 200	Harrisburg	62946
Skokie	14-2618	9801 Wood Dr.	Skokie	60077
South Chicago	14-2519	9200 S. Chicago Ave.	Chicago	60617
South Holland	14-2542	17225 S. Paxton	South Holland	60473
South Shore	14-2572	2420 E. 79th Street	Chicago	60649
South Side	14-2508	3134 W. 76th St.	Chicago	60652
South Suburban	14-2517	2609 W. Lincoln Highway	Olympia Fields	60461
Southwestern Illinois	14-2535	Illinois Rts 3&143, #7 Eastgate Plz.	East Alton	62024
Spoon River	14-2565	210 W. Walnut Street	Canton	61520
Spring Valley	14-2564	12 Wolfer Industrial Drive	Spring Valley	61362
Steger		219 34th Street	Steger	60475
Streator	14-2695	2356 N. Bloomington Street	Streator	61364
Uptown	14-2692	4720 N. Marine Dr.	Chicago	60640
Villa Park	14-2612	200 E. North Ave.	Villa Park	60181
Waukegan Harbor		101 North West Street	Waukegan	60085
West Batavia		Branson Drive	Batavia	60510
West Belmont	14-2523	4848 W. Belmont	Chicago	60641
West Chicago	14-2702	1855-1863 N. Neltnor	West Chicago	60185
West Metro	14-2536	1044 North Mozart Street	Chicago	60622
West Suburban	14-2530	518 N. Austin Blvd., Ste. 5000	Oak Park	60302
West Willow		14404 W. Willow	Chicago	60620
Westchester	14-2520	2400 Wolf Road, STE 101A	Westchester	60154
Williamson County	14-2627	900 Skyline Drive, Ste. 200	Marion	62959
Willowbrook	14-2632	6300 S. Kingery Hwy, STE 408	Willowbrook	60527

LIBERTY DIALYSIS

PATIENT FOCUSED • PHYSICIAN DRIVEN

7650 SE 27th Street, Suite 200
Mercer Island, WA 98040

Tel 206.236.5001
Fax 206.236.5002

September 9, 2011

Illinois Health Facilities
and Services Review Board
Springfield, IL

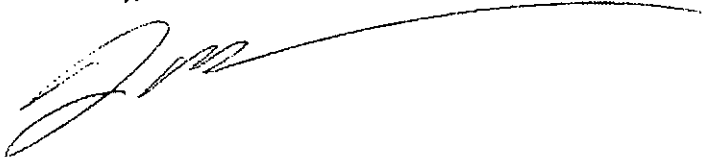
To Whom It May Concern:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

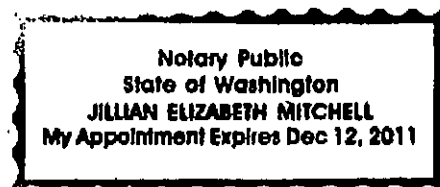
1. Neither Liberty Dialysis Holdings, Inc. nor any affiliated entity has had any adverse actions against any Illinois facility owned and operated by Liberty Dialysis Holdings, Inc. or a related entity during the three (3) year period prior to filing for this application, and
2. Liberty Dialysis Holdings, Inc. authorizes the State Board and Agency access to information related to itself and related entities to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,



NOTARIZED:



Jillian Elizabeth Mitchell

ATTACHMENT 11

Committed to giving our patients the liberty to lead extraordinary lives

Certification & Authorization

Fresenius Medical Care Holdings, Inc.

In accordance with Section III, A (2) of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby certify that no adverse actions have been taken against Fresenius Medical Care Holdings, Inc. by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities & Services Review Board; and

In regards to section III, A (3) of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby authorize the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the State Board or Agency finds pertinent to this subsection.

By: [Signature]
ITS: Robert J. McGorty, SVP

By: [Signature]
ITS: Mark Fawcett
Vice President & Asst. Treasurer

Notarization:
Subscribed and sworn to before me
this 16 day of Sept, 2011.

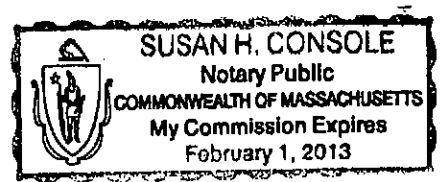
Notarization:
Subscribed and sworn to before me
this 16 day of Sept, 2011.

[Signature]
Signature of Notary

[Signature]
Signature of Notary

Seal

Seal



PURPOSE

The project addressed in this application is limited to a change of ownership, and does not propose any change to the services provided, including the number of dialysis stations located at RAI-Centre West-Springfield. The facility will continue to provide ESRD services to residents of Springfield and the surrounding communities traditionally serviced by the ESRD facility.

The table on the following page identifies each ZIP Code/community that has historically provided 2% or more of the facility's patients. As can be seen in the analysis below, the facility's primary patient population resides in Springfield, with Springfield accounting for approximately 60.3% of RAI-Center West-Springfield's patients. No significant change in the patient origin distribution is anticipated as a result of the proposed change of ownership, or for any other reason. Also, and as can be seen in the patient origin analysis below, RAI-Center West-Springfield is a primary provider of ESRD services in the area.

RAI-Centre West-Springfield
2010 Patient Origin

<u>ZIP Code Area</u>	<u>Community</u>	<u>%</u>
62702	Springfield	20.7%
62703	Springfield	17.1%
62704	Springfield	10.8%
62707	Springfield	8.1%
62650	Jackson	4.5%
62711	Springfield	3.6%
62615	Auburn	<u>2.7%</u>
		67.5%
others, < 2.0%		<u>32.5%</u>
		100.0%

The proposed change of ownership will address the health care status of the population that has traditionally looked to this facility for care, by continuing to provide the ESRD services currently being provided, and with the continued utilization of the facility serving as a measurement of success.

ALTERNATIVES

Section 1110.230(c) requests that an applicant document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served.

This project is limited to a change of ownership, and more specifically, Liberty Dialysis Holdings, Inc. ("Liberty"), which owns three ESRD facilities in Illinois, is being acquired by Fresenius Medical Holdings, Inc. ("Fresenius"). Included in the acquisition are Liberty's ESRD facilities located in Springfield, Fairview Heights and Breese.

In order to best respond to Section 1110.230(c), given the particular circumstances and limited nature of the project, when developing an *Application for Permit* for a similar project, the applicant's consultants conducted a technical assistance conference with State Agency Staff (July 12, 2010). That technical assistance conference was documented according to the agency's practice. Through the technical assistance process, the applicants were directed by State Agency staff to set forth the factual background in response to Section 1110.230(c): On March 22, 2011 the IHFSRB approved Liberty's acquisition of three dialysis facilities owned by Renal Advantage Holdings, Inc. ("RAI") (Permits 10-083, -084, and -085), as a component of Liberty's acquisition of RAI. In April 2011 Fresenius indicated an interest in acquiring Liberty,

and its RAI subsidiary. That interest, and the subsequent offer, was not solicited by Liberty, nor had Liberty solicited offers from others. In May 2011 Fresenius acquired a minority interest in RAI, and in late July 2011, Liberty accepted Fresenius' offer to acquire Liberty (including the remaining interest in RAI) for approximately \$1.7 billion. An Agreement and Plan of Merger ("Agreement") has been negotiated and signed, and is being filed with the IHFSRB concurrent to the filing of this *Application for Permit*.

With the agreement to proceed with the transaction, the only alternative faced by the applicants related to the three Illinois facilities. Because the changes of ownership of the three Illinois ESRD facilities are subject to the approval of the IHFSRB, and because the timing of that approval may not coincide with the anticipated closing date of the transaction, the applicants have elected to "carve out" the three Illinois facilities from the larger transaction in deference to the IHFSRB's review process and schedule (please see Section 7.13 of the Agreement).

The three Illinois ESRD facilities will continue to operate, to provide the same services currently being provided, and provide the same number of ESRD stations currently being provided. As a result, the health care needs of the patient populations that rely on the three facilities for their ESRD care will be maintained.

MERGERS, CONSOLIDATIONS, and
ACQUISITIONS/CHANGES OF OWNERSHIP

A. Impact Statement

The proposed change of ownership will not have any impact on the manner in which ESRD services are provided at RAI-Centre West-Springfield. The facility will continue to operate its existing fourteen stations, and no expansion or contraction is anticipated, nor are any changes in the clinical services provided by the facility anticipated.

The operating entity will continue to be RAI Care Centers of Illinois II, LLC.

The change of ownership is a result of the anticipated acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care Holdings, Inc. through a reverse triangular merger transaction. The change of ownership of Liberty's three Illinois ESRD facilities have been carved out of the larger transaction, to allow compliance with the requirements of the Illinois Health Facilities and Services Review Board.

No changes to the staffing of RAI-Centre West-Springfield, other than those normally associated with the ongoing operations of an ESRD facility, are anticipated.

The cost associated with the proposed change of ownership is limited to those costs identified in ATTACHMENT 7; and the primary benefit of the project is the ongoing operation of the facility.

B. Access

The proposed change of ownership will not result in reductions in accessibility to ESRD services for residents of the area. The admissions policies under which the Illinois Liberty facilities currently operate are attached, as are Fresenius' policies, which will be implemented soon after the change of ownership. Confirmation that access will not become more restrictive, as required by review criterion 1110.240(c) is attached.

C. Health Care System

The proposed change of ownership will not have any impact on any other area provider.

The table below identifies the three Illinois ESRD facilities currently operated by Liberty. The services provided at each of the facilities is limited to ESRD/chronic dialysis.

Name/Location	Stations	YE 6/30/11 Treatments
RAI-Centre West-Springfield 1112 Centre West Drive Springfield, IL 62704	14	9,301
RAI-Lincoln Highway 821 Lincoln Highway Fairview Heights, IL 62208	20	14,359
RAI-North Main 160 North Main Street Breese, IL 62230	8	4,476

RAI-Centre West-Springfield has a referral agreement in place with Memorial Medical Center in Springfield, which is located 3.9 miles/9 minutes (per MapQuest) from the ESRD facility. A copy of that agreement is attached.

Because of the limited nature of the clinical services provided in ESRD facilities, the use of other health care system facilities, the duplication of services, and the provision of currently unavailable services noted in the *Application for Permit* form (page 17), are not applicable to the proposed change of ownership.

**Liberty/RAI Financial Assistance
and Charity Care Policies**



PATIENT FINANCIAL INDIGENCE

1. PURPOSE:

The purpose of this policy is to ensure that RAI has a process for patients with limited financial resources to receive financial assistance for their share of deductibles and co-insurance relating to our services.

2. POLICY:

RAI will determine if assistance is available for financially indigent patients by comparing the patient's household income to nationally published poverty guidelines. Any patient with household income less than or equal to two times the poverty guideline is considered indigent and would not be responsible for self-pay balances (coinsurance and deductibles) incurred from services provided by the company.

3. SIGNIFICANT ACCOUNTS:

Contractual Adjustments - Charity
Bad Debt Expense
Allowance for Doubtful Accounts

4. PROCEDURES:

This policy includes procedures for the following:

1. Application for Assistance
2. Approval Process
3. Classification of Indigence in QMS
4. Account Adjustment

Originated:

Revised:

© 2006

80

ATTACHMENT 19A



4.1 Application for Assistance

RESPONSIBILITY	ACTION
Insurance Verification Specialist	<ol style="list-style-type: none"> 1. As part of the insurance verification process, the Insurance Verification Specialist assigns primary, secondary and tertiary insurance for each patient based on the patient's existing coverage. 2. If a new patient is admitted or an existing patient's insurance coverage changes such that the patient does not have primary insurance or does not have a secondary insurance but has Medicare primary, these patients will be forwarded to a Regional Management Designee (Financial Caseworker or Social Worker) to determine options available for underinsured patients.
Regional Management Designee	<ol style="list-style-type: none"> 3. Underinsured patients will be identified and evaluated to determine if any alternative insurance options are available based on the patient's individual circumstances (Medicaid, Medigap, etc.). 4. After all options for third party assistance have been explored and exhausted, the Regional Management Designee will have the patient complete an Application for Patient Assistance (see exhibit REV-E-APP). 5. If a patient has Household Income equal to or less than two times the Poverty Guidelines, the patient is eligible for assistance. Household income is defined as the income of all dependent family members which may include earnings, unemployment compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, and other miscellaneous sources. Attempts should also be made to obtain and evaluate assets convertible to cash such as bank accounts, CD's, etc. Income is pre tax or deductions. Income of non-relatives, such as housemates, should not be considered. Non cash benefits such as food stamps and housing subsidies are not considered income.

4.2 Approval Process

RESPONSIBILITY	ACTION
Regional Management Designee	<ol style="list-style-type: none"> 1. Once the Application for Patient Assistance has been completed, the Regional Management Designee will have the patient sign the document to confirm all data presented is correct.

Originated:

Revised:



Regional Director

2. Once the information is validated by the Regional Management Designee, the form will be signed as approved.
3. The Regional Director must approve the Application for Patient Assistance in order to complete the application.
4. The form, along with supporting documentation, will be forwarded to the Insurance Verification Specialist for input into the QMS system.
5. These steps will be duplicated not less than annually for existing patients who previously qualified for Patient Assistance to ensure the patient's status has not changed.

4.3 Classification of Indigence in QMS

RESPONSIBILITY

ACTION

Insurance Verification Specialist

1. Upon receipt of an approved Application for Patient Assistance, the Insurance Verification Specialist will review the application and supporting documentation.
2. A Self-Pay insurance plan (PAT5) will be added to the appropriate insurance rank (primary, secondary or tertiary) for the patient. The Patient Assistance approval designation is only valid up to one year and must be reestablished annually.

Business Office Manager

3. The Business Office Manager will provide a monthly report of all patients currently set-up with PAT5 Self-Pay insurance to confirm with the Regional Management Designee that all approved patients are set up correctly in QMS.

4.4 Account Write Off

RESPONSIBILITY

ACTION

Collection Specialist

1. Each month, the Collection Specialist will run a QMS aging report identifying all patients with a PAT5 Self-Pay balance. The Collection Specialist will complete a Write-Off Request Form (WORF) and forward to the appropriate person for signature prior to the account being written off (see Policy Rev-F).

Originated:

Revised:



APPLICATION FOR PATIENT ASSISTANCE

Center Name _____ Eff. Date: _____

Patient Name _____ Patient ID# _____

CURRENT INSURANCE COVERAGE:

Primary: _____ Eff. Date: _____

Secondary: _____ Eff. Date: _____

If no insurance, has patient applied for Medicare? OYes ONo Denied? OYes ONo

If no insurance, has patient applied for Medicaid? OYes ONo Denied? OYes ONo

***If denied, please attach a copy of the denial.**

PATIENT ASSISTANCE CALCULATIONS:

The patient's annual* household income equals \$ _____ and the patient's family size equals _____. Based on the patient's family size, two times poverty guideline equals _____. Based on these circumstances, the patient:

DOES QUALIFY FOR PATIENT ASSISTANCE

DOES NOT QUALIFY FOR PATIENT ASSISTANCE

This Patient Assistance calculation applies to dates of services from ___/___/___ to ___/___/___.

Must be no longer than 1 year.

A copy of the patient's proof of income and family size (i.e. income tax return) **must** be attached to this form in order to determine financial assistance eligibility. Household income is defined as the income of all dependent family members which may include earnings, unemployment compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, and other miscellaneous sources. Income is pre tax or deductions.



RENAL ADVANTAGE INC.

Income of non-relatives, such as housemates, should not be considered. Non cash benefits such as food stamps and housing subsidies are not considered income.

*Note the date span on the proof of income prior to annualizing the patient's household income.

Patient Signature

Date

Financial Caseworker/Social Worker

Date

Regional Director

Date



RENAL ADVANTAGE INC.

2008 HHS Poverty Guidelines

48 Contiguous States and D.C.

Income guidelines as published in the Federal Register on 1/23/08

ANNUAL GUIDELINES

<u>Family Size</u>	<u>Income Guidelines</u>	<u>2x Poverty Guidelines</u>
1	\$10,400	\$20,800
2	\$14,000	\$28,000
3	\$17,600	\$35,200
4	\$21,200	\$42,400
5	\$24,800	\$49,600
6	\$28,400	\$56,800
7	\$32,000	\$64,000
8	\$35,600	\$71,200

*For family units of more than 8 members, add \$3,600 for each additional member to determine "Income Guidelines".

Fresenius Uncompensated Care Policy



Billing Waivers for Indigent Patients

Introduction

FMCNA has established an indigent waiver program to assist patients who are unable to obtain insurance coverage or who lack the financial resources to pay for medical services. The Company recognizes the financial burdens associated with ESRD and wishes to ensure that patients are not denied access to medically necessary care for financial reasons. At the same time, the Company also recognizes the limitations imposed by federal law on offering "free" or "discounted" medical items or services to Medicare and other government supported patients for the purpose of inducing such patients to receive ESRD-related items and services from FMCNA.

Definition

Indigent Waiver - An indigent waiver excuses a patient's obligation to pay for items and services furnished by FMCNA.

Policy

- The indigent waiver program applies only to charges for which the patient is personally liable and for which no government or private third party is obligated to pay on the patient's behalf.
- The indigent waiver program is intended to function as a "last resort" and should not be considered until all other coverage or payment options for the patients have been thoroughly explored.
- When appropriate, patients may qualify for partial indigent waivers based upon a sliding scale schedule approved by the Office of Business Practices and Corporate Compliance (See Attachment).

DOCUMENT NUMBER	DOCUMENT REVISION	ISSUE DATE	EFFECTIVE DATE
COR-COMP-G-0-000-010A	03	18-DEC-07	15-MAY-00
Billing Waivers for Indigent Patients			Page 1 of 4



Fresenius Medical Care

POLICY

Qualifications For Indigent Waiver

In general:

If patient has	Patient may be eligible to receive a waiver for . . .
No primary insurance coverage	Up to 100% of billed charges
Primary insurance coverage but lacks secondary insurance (e.g. Medigap)	Up to 100% of the coinsurance and deductible billed charges only

In order to qualify for an indigent waiver, a patient must satisfy eligibility criteria for **both** annual income and net worth. Information used to determine whether a patient meets the eligibility criteria for annual income and net worth must be verified through the receipt of supporting documents.

Criteria	Limits
Annual Income	<ul style="list-style-type: none"> A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have an annual income in excess of two (2) times the Federal Poverty Standard in effect at the time. Patients whose annual income is greater than two (2) times the Federal Poverty Standard may qualify for a partial indigent waiver based upon a sliding scale schedule approved by the Office of Business Practices and Corporate Compliance.
Net Worth	A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have a net worth in excess of \$75,000 (or such other amount as may be established by the Office of Business Practices and Corporate Compliance based on changes in the Consumer Price Index).

Note: Documented uncompensated medical expenses for the patient (but not other family members) will be allowed as a deduction from income.

DOCUMENT NUMBER	DOCUMENT REVISION	ISSUE DATE	EFFECTIVE DATE
COR-COMP-G-0-000-010A	03	18-DEC-07	15-MAY-00
Billing Waivers for Indigent Patients			Page 2 of 4

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ATTACHMENT 19a

FF



Fresenius Medical Care

POLICY

Financial Status Changes/Retroactive Waiver Requests Indigent waivers must be re-evaluated at any time information comes to the attention of FMCNA indicating that a patient's financial status has changed or that information relied upon in granting a indigent waiver was incorrect or incomplete.

- a. Waivers may be granted retroactively if a patient is able to demonstrate that he/she satisfied applicable annual income and net worth eligibility criteria during the entire period of time requested.
- b. All waivers requested for a retroactive period of greater than six (6) months must have the approval of the business unit's Regional Vice President(s).

Valid Waiver Period Indigent waivers are valid for **one (1) year** from the date of approval (subject to Item 5 above). A full review of a patient's annual income and net worth is required every twelve (12) months to extend a waiver for subsequent periods.

- The date of approval is defined as the date of the last approval signature

Written Procedures and Training Programs Each FMCNA division is responsible for developing appropriate written procedures and training programs for implementing this policy

Documentation of Indigent Waiver Patients Each FMCNA division is required to maintain a current list of all patients covered by an indigent waiver. Such list should indicate:

- a. whether the waiver applies to all charges or to coinsurance payments only (where the patient has primary but no secondary coverage);
- b. the identity of a primary insurer, if applicable;
- c. whether the waiver excuses the patient's liability for 100 percent of applicable charges or a lesser percentage based on the sliding scale schedule;
- d. the date that the waiver first became effective (including any periods of retroactive application); and
- e. the date the waiver will expire.

DOCUMENT NUMBER	DOCUMENT REVISION	ISSUE DATE	EFFECTIVE DATE
COR-COMP-G-0-000-010A	03	18-DEC-07	15-MAY-00
Billing Waivers for Indigent Patients			Page 3 of 4

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ATTACHMENT 19a



Fresenius Medical Care

POLICY

**Periodic
Reviews and
Document
Retention**

Each FMCNA division is required to develop a mechanism for:

- a. The frequent, periodic review of all current patients with indigent waivers, validating that the financial information upon which the waiver was granted remains current (minimally, this review must be done annually), and
- b. A seven (7) year retention of records related to the approval of the indigent waiver.

**Document
Retention**

If an indigent waiver is approved or renewed, copies of documents relied upon in making the determination must be retained for a period of seven (7) years.

**Advertising the
Indigent
Waiver
Program**

The availability of an indigent waiver program may not be advertised to prospective patients or referral sources. Upon inquiry prospective patients may be told that, like other healthcare providers, FMCNA will perform a thorough assessment of the patient's ability to pay, which includes an assessment of a patient's eligibility for available financial assistance programs.

DOCUMENT NUMBER	DOCUMENT REVISION	ISSUE DATE	EFFECTIVE DATE
COR-COMP-G-0-000-010A	03	18-DEC-07	15-MAY-00
Billing Waivers for Indigent Patients			Page 4 of 4

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ATTACHMENT 19a

**Fresenius Medical Care North America
Community Benefit/Financial**

Fresenius Medical Care North America assists all of our patients in securing and maintaining insurance coverage when possible. However, even if for whatever reason insurance (governmental or otherwise) is not available FMCNA does not deny admission for treatment due to lack of insurance coverage.

American Kidney Foundation

FMCNA works with the American Kidney Foundation to help patients with insurance premiums at no cost to the patient.

Applicants must be dialyzed in the US or its territories and referred to AKF by a renal professional and/or nephrologist. The Health Insurance Premium Program is a "last resort" program. It is restricted to patients who have no means of paying health insurance premiums and who would forego coverage without the benefit of HIPP. Alternative programs that pay for primary or secondary health coverage, and for which the patient is eligible, such as Medicaid, state renal programs, etc. must be utilized. Applicants must demonstrate to AKF that they cannot afford health coverage and related expenses (deductible etc.).

Our team of Financial Coordinators and Social Workers connect patients who cannot afford to pay their insurance premiums, with AKF, which provides financial assistance to the patients for this purpose. FMCNA's North Division currently has 2986 patients with primary insurance coverage and 7469 patients with secondary insurance coverage for a total of 10,455 patients receiving AKF assistance. For the state of Illinois we have 632 primary and 1503 secondary patients receiving AKF assistance. The benefit of working with the AKF is the insurance coverage which AKF facilities applies to all of the patient's insurance needs, not just coverage for dialysis services.

Indigent Waiver Program

FMCNA has established an indigent waiver program to assist patients who are unable to obtain insurance coverage or who lack the financial resources to pay for medical services. In order to qualify for an indigent waiver, a patient must satisfy eligibility criteria for both annual income and net worth.

Annual Income: A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have an annual income in excess of two (2) times the Federal Poverty Standard in effect at the time. Patients whose annual income is greater than two (2) times the Federal Poverty Standard may qualify for a partial indigent waiver based upon a sliding scale schedule approved by the Office of Business Practices and Corporate Compliance.

Net Worth: A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have a net worth in excess of \$75,000 (or such other amount as may be established by the Office of Business Practices and Corporate Compliance based on changes in the Consumer Price Index

FMCNA recognizes the financial burdens associated with ESRD and wishes to ensure that patients are not denied access to medically necessary care for financial reasons. At the same time, FMCNA also recognizes the limitations imposed by federal law on offering "free" or "discounted" medical items or services to Medicare and other government supported patients for the purpose of inducing such patients to receive ESRD-related items and services from FMCNA. An indigent waiver excuses a patient's obligation to pay for items and services furnished by FMCNA. Patients may have dual coverage of AKF assistance and an Indigent Waiver if their financial status qualifies them for both programs.

FMCNA North Division currently has 718 active Indigent Waivers. 21 cover primary balances which means the patient has no insurance coverage, and 697 cover patient balances where there is no supplemental insurance.

Illinois currently has 5 active Indigent Waivers that cover the supplemental balances after the primary insurance pays. There is a low number of Indigent Waivers issued in Illinois because patients are entitled to Medicaid coverage in Illinois.

IL Medicaid and Undocumented patients

FMCNA has a bi-lingual Regional Insurance Coordinator who works directly with Illinois Medicaid to assist patients with Medicaid applications. An immigrant who is unable to produce proper documentation qualifies for Medicaid coverage because ESRD is considered a medical emergency.

The Regional Insurance Coordinator will petition Medicaid if patients are denied and assist undocumented patients through the application process to get them Illinois Medicaid coverage. This role is actively involved with the Medicaid offices and attends appeals to help patients secure and maintain their Medicaid coverage for all of their healthcare needs, including transportation to their appointments.

FMCNA Collection policy

FMCNA's collection policy is designed to comply with federal law while not penalizing patients who are unable to pay for services.

FMCNA does not use a collection agency for patient collections unless the patient receives direct insurance payment and does not forward the payment to FMCNA.

Medicare and Medicaid Eligibility

Medicare: Patients are eligible for Medicare when they meet the following criteria: age 65 or older, under age 65 with certain disabilities, and people of all ages with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant).

There are three insurance programs offered by Medicare; Part A for hospital coverage, Part B for medical coverage and Part D for pharmacy coverage. Most people do not have to pay a monthly premium, for Part A because they or a spouse paid Medicare taxes while working. If a beneficiary does not get premium-free Part A, he or she may be able to buy it if they (or their spouse) are not entitled to Medicare Part A benefits because they did not work or pay enough Medicare taxes while working or are age 65 or older or disabled but no longer get free Part A because they returned to work. Part B and Part D both require monthly premiums. Patients must obtain Part B coverage for dialysis services.

Medicare does allow members to enroll in Health Plans for supplemental coverage. Supplemental coverage (secondary) is any policy that pays balances after the primary (Medicare) pays, thus reducing any out of pocket expenses incurred by the member.

Medicare will pay 80% of what is allowed by a set fee schedule. The patient would be responsible for the remaining 20% not paid by Medicare. The supplemental (secondary) policy covers the cost of co-pays, deductibles and the remaining 20% of charges.

Medicaid: Low-income Illinois residents who cannot afford health insurance may be eligible for Medicaid. In addition to meeting federal guidelines, individuals must also meet the state criteria to qualify for Medicaid coverage in Illinois.

Self Pay

A self-pay patient would not have any type of insurance coverage (un-insured). They may be un-insured because they do not meet the eligibility requirements for Medicare or Medicaid and can not afford a commercial insurance policy.

In addition, a patient balances become self-pay after primary insurance pays, but the patient does not have a supplemental insurance policy to cover the remaining balance. The AKF assistance referenced earlier may or may not be available to these patients, dependent on whether they meet AKF eligibility requirements.

Liberty/RAI Patient Admissions Policies



6. Patients may be denied for admission or transferred or discharged to another dialysis center if the center's Medical Director or Center Director or Regional Director responsible for the center determines any of the following:
 - The patient's overall status has been assessed and it has been determined that treatment in the outpatient setting is unsafe or inappropriate (e.g., the patient requires medications, treatment or monitoring that is not available in the outpatient dialysis setting, or the patient's acuity is such that care in the outpatient setting cannot be provided safely)
 - The patient's welfare or that of other patients or staff in the center are endangered by words or behavior (violent or other) exhibited repeatedly by a patient that does not respond to normal interventions.
 - The patient has a communicable disease and the center does not have the type of isolation measures recommended or required for the disease (e.g., respiratory isolation for a patient with known or suspected TB). NOTE: Patients will not be disapproved for admission, transferred or discharged to another center solely on the basis of HIV status.
7. Upon admission, RAI new patient/admission documents should be reviewed with the patient/designee by the employee with the experience/expertise to discuss that document/material. These materials must be provided to the patient with explanation/discussion by the Nurse, Social Worker, Dietitian, Unit Secretary, etc. as applicable.
8. When a patient is sent to another center on a temporary or permanent basis, current information will be sent as requested by the center and/or required/allowed by law in accordance with current RAI policies for release of patient information to third parties. For transient patients, records requested are defined in the RAI policy for Visiting (Transient) Patients.
9. Any patient who feels that he or she has been improperly disapproved for admission, or once admitted, the patient feels that he or she has been transferred or discharged to another center in an improper manner, may file an appeal as outlined in the RAI policy for Patient Grievances.
10. Upon discharge, the physician must complete a discharge summary that includes the patient's final diagnosis and prognosis (if applicable).

gr



ADMISSION & DISCHARGE OF PATIENTS

PURPOSE:

To ensure that there is an adequate mix and number of staff to provide appropriate care for the number and acuity of the Renal Advantage Inc. RAI Care Center's patients, and that patients are referred appropriately for care of their stage 5 CKD.

POLICY:

1. A patient will be considered by a physician for acceptance as an RAI Care Center patient upon request by the admitting physician. The requests are reviewed by the Center Director and Medical Director. All patients must, at all times, have a treating physician with admitting privileges to the center. The Center Director will assess staff availability, space availability, patient acuity and type of space available (i.e., isolation) to determine the total number and type of patients who may be accepted.
2. The center's Medical Director must ensure that the patient being considered for acceptance:
 - meets current, accepted Medicare guidelines for provision of stage 5 CKD services, OR
 - has documented medical justification for provision of stage 5 CKD services if the patient does not meet current, accepted Medicare guidelines.
3. Patients are accepted without regard to national origin, race, age, sex, religion, disability or other factors unrelated to the provision of appropriate medical care. Patients will be required to comply with current financial policies, as well as any and all other guidelines that are in effect.
4. Visiting (transient) patients are accepted for short term care whenever there is adequate staffing, space, type of space available (such as isolation for a hepatitis B antigen positive patient), and appropriate services available (hemodialysis, peritoneal dialysis, home hemodialysis, etc.).
5. Upon admission, center staff will determine if someone other than the patient has been appointed as his/her designated legal representative for health care. If the patient has a designated legal representative for health care, the documents required for this determination must be presented to the center staff on admission. A copy of these documents must be placed in the designated section of the patient's medical record. NOTE: How this is determined and the required documentation may vary by state.

*

Fresenius Patient Admissions Policies

ADMISSION, TRANSFER, AND DISCHARGE POLICY

1. ADMISSION

It is the policy of this dialysis facility to admit and to treat all patients referred by physician members of its Medical Staff without regard to race, creed, color, age, sex, handicap, disability, national origin or social status. All persons and organizations having the occasion to refer patients to physician members of this facility's medical staff for admission to this dialysis facility are advised to do so without regard to the patient's race, creed, color, age, sex, handicap, disability, national origin or social status.

Each patient admitted will be followed by a physician member of the facility's Medical Staff. Prior to admission to this dialysis facility, or with reasonable concurrence thereto, there shall be documented consideration of the most appropriate mode of treatment, including full-maintenance hemodialysis, self-care hemodialysis, home training and home dialysis, renal transplantation, continuous ambulatory peritoneal dialysis, continuous cycling peritoneal dialysis and intermittent peritoneal dialysis. The patient shall be made aware and afforded access to all of the above modes of treatment provided by other facilities that are not provided by this dialysis facility.

Patients shall be medically cleared for treatment in this dialysis facility when such treatment is deemed indicated and appropriate according to the clinical judgment of that patient's attending physician. No arbitrary criteria with respect to patient's age or magnitude of complicating medical problems are established. It is intended that appropriateness of dialysis shall be a decision to be made by the patient's attending physician in accordance with his or her best clinical judgment, and in compliance with the ESRD program and the facility's policies.

Prior to admission to this dialysis facility, all appropriate paperwork must be completed as outlined in section 122-040-020 of the FMCNA Financial Procedure Manual. All appropriate medical and financial records must be received prior to the patient's admission to the facility. Upon referral, the Admissions Coordinator collects all demographic and insurance information from the referral source and the prospective patient and forwards it immediately to the designated staff at the billing group office. Within two days, the billing group staff will verify the patient's insurance coverage and identify any

coverage gaps which exist. Billing office staff will then notify the Admissions Coordinator of the results of the insurance verification and will discuss with the Coordinator the facility's plans for obtaining appropriate coverage, as necessary.

Financial approval for admission is based upon the patient's insurance coverage and his/her willingness to pursue enrollment in insurance or assistance programs for which he/she qualifies.

The billing office will deny financial clearance to individuals who a) cannot obtain Medicare or other coverage or b) indicate an unwillingness to enroll in programs for which he/she is potentially eligible or c) are uncooperative and refuse to disclose insurance information.

In such an event, the billing office representative will notify the Admissions Coordinator, the Administrator and the Region Manager. The patient's physician should be contacted to obtain his/her assistance. The final decision concerning the admission will be made in such cases by the Region Manager.

Medical clearance and financial approval are required prior to admission. Once admission approval has been granted, the Admissions Coordinator must forward the following items from the Patient Admissions Checklist to the billing group office:

- Signed Admission Agreement
- Signed Release of Information/Assignment of Benefits
- Signed LifeChem Assignment of Benefits Form
- Copies of all insurance cards
- Dates of application for Medicare and/or other Insurance

For Home Patients only:

- Signed ESRD Beneficiary Selection Form
- MPD/ERIKA Assignment of Benefits Form

Medical Records, which must be sent to the facility prior to the patient's admission, will contain at least the following:

Long Term Program, Patient Care Plan, History and Physical, Discharge Summary if transferring from hospital unit, Physician's Progress Notes, Social Service Summary, Dietary History, Current Labwork including Chemistries and CBC. **HbsAg**

results within 30 days unless the patient has HBV antibodies, then an HbsAg is not needed, but a documented HbsAb within the past 12 months is required instead, EKG, Chest X-Ray reports if available or most recent, and Hemodialysis Sheets.

A Consent for Chronic Hemodialysis (or consent appropriate for modality chosen) must be signed by the patient prior to the patient's first treatment at the facility. The signed consent form is binding until the patient is discharged from the facility, withdraws consent for treatment, or his/her dialysis modality changes at which time a new consent must be signed. Consent forms from other FMCNA facilities or non-FMCNA's shall not be used as consent for treatment at this facility.

Each patient shall be evaluated annually by an interdisciplinary team as to appropriateness and effectiveness of the treatment modality received, and the need for continuation of or change in treatment. This team will consist of at least a physician, transplant surgeon or his/her designee, nurse, social worker, dietitian and patient.

Patients who exhibit inappropriate behavior such that they constitute a danger to themselves or to others, or who do not agree to follow the policies and procedures of this facility, may be denied admission to this dialysis facility or may be discharged for same, at the discretion of the Medical Director.

The Director of Nursing or designee shall be responsible for checking the patient's incoming medical records for completeness, and for opening the patient's medical record. The Director of Nursing or designee shall attempt to obtain missing information, and shall notify the patient's physician and/or the Medical Records Supervisor as to any unobtainable data.

The Director of Nursing or designee shall be responsible for scheduling the patient for dialysis treatments in a manner consistent with the attending physician's dialysis prescription, patient needs, and with regard to available time slots.

The patient and/or his or her family shall designate a person to notify in case of emergency. This dialysis facility shall make every effort to notify the appropriate person of any change in a patient's condition considered significant by the physician.

2. TRANSFER AND DISCHARGE

Patients temporarily admitted to the hospital, or in a transient

status at another out-patient hemodialysis facility, shall not be discharged from this dialysis facility. In these cases, and in the case of a patient being discharged for permanent transfer to another facility, this dialysis facility shall provide the hospital or the receiving facility with appropriate records summarizing the interim medical course and records concerning the patient's dialysis treatments. These include, but are not limited to: Long Term Program and Patient Care Plans, Hemodialysis Sheets, History and Physical, Physician Progress Notes, Social Services Summary, Dietary History, Current Labwork and Physician Order Sheets. Transfer of such records shall occur within one working day after the patient transfers. Should a patient be permanently transferred to another facility, transplanted, discontinue dialysis or expire, the patient's medical record shall be closed by the Medical Records Supervisor within 30 days from the time the patient leaves the facility. The patient's primary physician shall complete a Patient Discharge Summary within 30 days of the patient's discharge. (Exhibit-Discharge Summary). This discharge summary shall be placed at the front of the patient's closed medical record. The billing office should immediately be notified of all temporary/permanent transfers or discharges.

All patients admitted to this dialysis facility are admitted voluntarily. Any patient who insists on terminating a treatment early will be asked to sign an "Against Medical Advice" form. If a patient cancels a scheduled dialysis treatment, either by calling to inform the dialysis facility, or by not showing up for a scheduled treatment, the charge nurse or other licensed nurse shall attempt to inform the patient of the consequences of missing a scheduled treatment. The patient's physician should be notified of the cancellation, and should make the decision as to whether the treatment needs to be rescheduled. (See Early Termination or Cancellation of Treatment Policy).

If a patient chooses to withdraw from dialysis, every effort will be made to ensure the patient has been informed of his/her treatment options and understands the consequences of withdrawing from dialysis. (See Withdrawal From Dialysis Policy).

The Charge Nurse shall be responsible for immediately notifying the attending physician, the Director of Nursing and/or Administrator at any time a patient leaves the Hemodialysis Unit against medical advice.

In cases of patient emergencies occurring at this dialysis facility, the physician responsible for the patient's care at

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07/14/04

ADMISSION, TRANSFER, AND DISCHARGE POLICY

138-020-010

the time of the emergency shall arrange for the transfer of the patient to the hospital. He or she shall notify the attending physician, if applicable, and this dialysis facility shall promptly provide the hospital with appropriate medical records.

When circumstances warrant, these responsibilities shall be carried out by the Charge Nurse on duty at the time of the emergency.

Personal effects of a patient who is transferred to a hospital and/or expires will be recorded on a "Patient's Personal Effects" check list, placed in an envelope or bag, and stored in a safe location in the facility. The Administrator, Director of Nursing, or Charge Nurse will contact the patient's family and request that they pick up the personal effects. (See Patient's Personal Effects Policy).

In the event of death occurring at the facility, the patient's next of kin or responsible party, as designated, shall be promptly notified. The attending physician shall sign the death certificate, as appropriate. Remains shall be released to the appropriate undertaker only after the persons responsible have signed a release form.

If required by state and/or local law, the Department of Health and/or County Coroner will be notified of a death on-site within the mandated time frame.

Request for and permission for autopsy should be referred to the Administrator. Arrangements for the examination are the responsibility of the attending physician.

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EMERGENCY TRANSFER GUIDELINES

Facilities may experience emergencies caused by severe weather, fire or other serious facility operating problems such as water treatment failure or other unexpected problems. These problems may require construction or repairs that are believed to be short-lived and may necessitate closure of a facility. Inability of facilities to provide services can result in the need for subsequent temporary arrangements for patients to be dialyzed at another FMCNA "host" facility. In addition, patients may require temporary care at another FMCNA facility based on their inability to safely get to their "home" facility.

Emergency Transfer is defined as:

- Not expected to extend beyond **30 days**.
- Patients are expected to return to their "home" facility to continue their treatments when operations are able to resume.

The treating clinic or "host" facility or facilities will provide services for the "home" facility according to the company wide agreement "Dialysis Unit Emergency Back Up Agreement" (established by Corporate Law Department). A fully executed "Dialysis Unit Emergency Back Up Agreement" is included with this policy.

Following the activation of the Emergency Back Up Agreement, the "home" facility patients must be assigned to a physician with privileges at the "host" facility, unless patient's attending physician already maintains privileges at the "host" dialysis facility. Dialysis treatment orders must be obtained from the assigned physician if the patient is assigned to a physician at the "host" facility.

When possible, copies of Medical Records such as Physician Order Sheets, Hemodialysis Treatment Sheets, current Lab Work, History and Physical, Multidisciplinary Progress Notes (including physician, nursing, social worker and dietary notes), Long Term Program and Patient Care Plans, Psychosocial Assessment (most recent), and Dietary Referral Sheet, must be sent to the "host" facility.

- If patient's paper medical records are destroyed due to fire, water or other serious facility damage, information

available in the Proton Information System should be printed from Proton. When the patient returns to their "home" facility, all medical record documentation that was created at the "host" facility should be copied and transferred to the patient's "home" facility medical record.

When a patient or patients require emergency transfer to another facility, the "home" facility (facility experiencing the emergency) must notify Spectra Customer Service of the emergency transfer in order for Spectra to send any laboratory reports to the "host" facility where patient is being treated.

Under normal facility operating procedures, when new patients are initially admitted into a facility, each patient is set up in the Spectra Lab system in their "home" facility so that lab resulting data and information system notification is sent to the facility of record.

Lab tests that are ordered for the patient while they are located in the "host" facility, **should be ordered with the "home" facility number**, so the lab results will be downloaded into Proton and can be used for clinical outcome reporting.

Staff can access the "home" facility Proton information and the patient lab results from **any** Proton facility database. As long as Spectra is notified that the patient is dialyzing in the "host" facility, the printed lab results can be sent directly to the "host" facility printer.

All services performed **must be entered into Proton in the "home" facility database**, as if the "home" facility provided the services. (Application Instructors should provide direction to the facility on performing the following procedures.)

- Patient information can be accessed in Proton from any facility database.
- The treatment sheet can print to the "host" facility.
- The "host" facility name must be written on the top of the treatment sheet and all medical records created at the "host" facility.
- A daily validation must be run on the "home" facility database.

NOTE: If patients are at several different local facilities, the Clinical Manager or Area Manager must communicate with each "host" facility to ensure treatment information has been entered into the correct Proton "home"

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facility information system before validating treatments.

If the facility closure/emergency transfer exceeds **30 days**, the continuation of the "Dialysis Unit Emergency Back Up Agreement" must be reviewed and approved. The Regional Vice President must contact the FMS Vice President of Operations Support and the FMS Vice President of Clinical Services and provide a report on the status of the "home" facility. The need to extend the time of the Emergency Back Up Agreement will be approved on a case-by-case basis depending on the length of time that the "home" facility can return to normal operations.

If the "Dialysis Unit Emergency Back Up Agreement" continues past thirty days, Subpart U documentation requirements (such as Short Term Care Plan, Long Term Program, Progress notes) must be completed at the "host" facility according to the usual schedule.

If it is determined that the "Dialysis Unit Emergency Back Up Agreement" must be discontinued because the "home" facility will not be operational in a reasonable period of time and therefore unable to accept patients, each patient accepted into the "host" facility because of an emergency must be formally transferred to the "host" facility and the appropriate admission, clinical and billing forms (refer to Financial Procedure Manual #122-040-020 for direction on billing forms) must be completed.

DIALYSIS UNIT EMERGENCY BACK UP AGREEMENT

This Agreement is made and entered into July 1, 2004 by and between **Fresenius Medical Care Holdings, Inc.** (hereinafter referred to as "Facility") and **Entities listed on Exhibit A** (collectively hereinafter referred to as "Alternative Dialysis Unit").

I. Duties of the Parties

Subject to available appropriate facilities, staffing and resources at Alternative Dialysis Unit, and applicable policies or procedures of the Alternative Dialysis Unit, in the event that Facility patients are transferred to Alternative Dialysis Unit for dialysis due to an emergency that renders Facility as either inoperable or inaccessible to some or all of its enrolled dialysis patients ("Facility patients"), Alternative Dialysis Unit agrees to provide dialysis treatments ("Services"). These Services would continue until Facility is back in total operation. The Services provided to these Facility patients will continue to be billed through the Facility. In order to receive services, Facility patients first must be assigned to a physician with privileges at Alternative Dialysis Unit, unless patient's attending physician already maintains privileges at Alternative Dialysis Unit. Alternative Dialysis Unit agrees to provide services by directly using its own employees, equipment and supplies or by contracting with an outside vendor to provide services.

In the event a patient is admitted to Alternative Dialysis Unit, Facility shall be responsible for arranging to have Facility patients transported to the Alternative Dialysis Unit and shall send appropriate interim medical records. The Facility will provide for the Alternative Dialysis Unit, within one working day, copies of the Facility patients' Long Term Program and Patient Care Plan, and of medical and other information necessary or useful in the care and treatment of Facility patients referred to the Alternative Dialysis Unit. In the event the Facility patients must be transferred directly from Facility to Alternative Dialysis Unit, Facility shall provide for the security of, and be accountable for, the patients' personal effects during the transfer. Services provided by Alternative Dialysis Unit shall be provided regardless of the Facility patients' race, color, creed, sex, age, disability, or national origin.

Each party agrees to develop, maintain and operate, in all aspects, an outpatient hemodialysis facility, providing all physical facilities, equipment and personnel necessary to treat patients suffering from chronic renal diseases. Each party shall conform to standards not less than those required by the applicable laws and regulations of any local, state or federal regulatory body, as the same may be amended from time to time. In the absence of applicable laws and regulations, each party shall conform to applicable standards of professional practice. Each party shall treat such commitment as its primary responsibility and shall devote such time and effort as may be necessary to attain these objectives. The cost of such facilities, equipment and personnel shall be borne by each party.

Each party shall engage a medical director who shall have the qualifications specified in 42 C.F.R. 405.2102. This individual must be a physician properly licensed in the profession by the state in which such facility is located. In accordance with 42 C.F. R. 405.2162, each party shall employ such duly qualified and licensed nurses, technicians, and other personnel as shall be

necessary to administer treatment at its facility, in accordance with applicable local, state, and federal laws and regulations.

II. Insurance

Each party shall maintain in full force and effect throughout the term of this Agreement, at its own expense, a policy of comprehensive general liability insurance and professional liability insurance covering it and its staff, respectively, each having a combined single limit of not less than \$1,000,000 per occurrence and \$3,000,000 annual aggregate for bodily injury and property damage to insure against any loss, damage or claim arising out of the performance of each party's respective obligations under this Agreement. Each will provide the other with certificates evidencing said insurance, if and as requested. Both parties further agree to maintain, for a period of not less than three (3) years following the termination of this Agreement, any insurance required hereunder if underwritten on a claims-made basis. Either party may provide for the insurance coverage set forth in this Section through self-insurance.

III. Indemnification

Each party agrees to indemnify and hold harmless the other, their officers, directors, shareholders, agents and employees against all liability, claims, damages, suits, demands, expenses and costs (including but not limited to, court costs and reasonable attorneys' fees) of every kind arising out of or in consequence of the party's breach of this Agreement, and of the negligent errors and omissions or willful misconduct of the indemnifying party, its agents, servants, employees and independent contractors (excluding the other party) in the performance of or conduct related to this Agreement.

IV. HIPAA

The Parties expressly agree to comply with all applicable patient information privacy and security regulations set for in the Health Insurance Portability and Accountability Act ("HIPAA") final regulations for Privacy of Individually Identifiable Health Information, as amended from time to time.

V. Term

Term. The term of this Agreement shall be for a period of one (1) year from the date first written above. This Agreement shall automatically renew, unless either party shall notify the other party of its intention to terminate this Agreement by written notice given at least sixty (60) days in advance of such renewal date. This Agreement may also be terminated by either party for cause by giving thirty (30) days written notice to the other party specifying default by such other party. This Agreement may also be terminated at any time upon the mutual consent of both parties.

VI. General Provisions

If any provisions of this agreement shall, at any time, conflict with any applicable state or federal law, or shall conflict with any regulation or regulatory agency having jurisdiction with respect thereto, this Agreement shall be modified in writing by the parties hereto to conform to such regulation, law, guideline, or standard established by such regulatory agency.

This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all negotiations, prior discussions, agreements or understandings, whether written or oral, with respect to the subject matter hereof, as of the date first written above. This Agreement shall bind and benefit the parties, their respective successors and assigns.

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State where Alternative Dialysis Unit is located, without respect to its conflicts of law rules.

The parties agree to cooperate with each other in the fulfillment of their respective obligations under the terms of this Agreement and to comply with the requirements of the law and with all applicable ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date above written.

Fresenius Medical Care Holdings, Inc.

Entities listed on Exhibit A

By: 

By: 

Name: Marc S. Lieberman
Assistant Treasurer

Name: PAUL COUTINHO ASST TREASURER

Date: 1-1-04

Date: 7/7/04

Exhibit A

Bio-Medical Applications of Aguadilla, Inc.
Bio-Medical Applications of Alabama, Inc.
Bio-Medical Applications of Amarillo, Inc.
Bio-Medical Applications of Anacostia, Inc.
Bio-Medical Applications of Arecibo, Inc.
Bio-Medical Applications of Arizona, Inc.
Bio-Medical Applications of Arkansas, Inc.
Bio-Medical Applications of Bayamon, Inc.
Bio-Medical Applications of Blue Springs, Inc.
Bio-Medical Applications of Caguas, Inc.
Bio-Medical Applications of California, Inc.
Bio-Medical Applications of Camarillo, Inc.
Bio-Medical Applications of Capitol Hill, Inc.
Bio-Medical Applications of Carolina, Inc.
Bio-Medical Applications of Carson, Inc.
Bio-Medical Applications of Clinton, Inc.
Bio-Medical Applications of Columbia Heights, Inc.
Bio-Medical Applications of Connecticut, Inc.
Bio-Medical Applications of Delaware, Inc.
Bio-Medical Applications of Dover, Inc.
Bio-Medical Applications of East Orange, Inc.
Bio-Medical Applications of Eureka, Inc.
Bio-Medical Applications of Fayetteville, Inc.
Bio-Medical Applications of Florida, Inc.
Bio-Medical Applications of Fremont, Inc.
Bio-Medical Applications of Fresno, Inc.
Bio-Medical Applications of Georgia, Inc.
Bio-Medical Applications of Glendora, Inc.
Bio-Medical Applications of Guayama, Inc.
Bio-Medical Applications of Hillside, Inc.
Bio-Medical Applications of Humacao, Inc.
Bio-Medical Applications of Illinois, Inc.
Bio-Medical Applications of Indiana, Inc.
Bio-Medical Applications of Irvington, Inc.
Bio-Medical Applications of Jersey City, Inc.
Bio-Medical Applications of Kansas, Inc.
Bio-Medical Applications of Kentucky, Inc.
Bio-Medical Applications of Las Americas, Inc.
Bio-Medical Applications of Long Beach, Inc.
Bio-Medical Applications of Los Gatos, Inc.
Bio-Medical Applications of Louisiana, LLC
Bio-Medical Applications of Maine, Inc.
Bio-Medical Applications of Manchester, Inc.

Bio-Medical Applications of Maryland, Inc.
Bio-Medical Applications of Massachusetts, Inc.
Bio-Medical Applications of Mayaguez, Inc.
Bio-Medical Applications of Michigan, Inc.
Bio-Medical Applications of Minnesota, Inc.
Bio-Medical Applications of Mission Hills, Inc.
Bio-Medical Applications of Mississippi, Inc.
Bio-Medical Applications of Missouri, Inc.
Bio-Medical Applications of MLK, Inc.
Bio-Medical Applications of Nevada, Inc.
Bio-Medical Applications of New Hampshire, Inc.
Bio-Medical Applications of New Jersey, Inc.
Bio-Medical Applications of New Mexico, Inc.
Bio-Medical Applications of North Carolina, Inc.
Bio-Medical Applications of Northeast D.C., Inc.
Bio-Medical Applications of Oakland, Inc.
Bio-Medical Applications of Ohio, Inc.
Bio-Medical Applications of Oklahoma, Inc.
Bio-Medical Applications of Pennsylvania, Inc.
Bio-Medical Applications of Pine Brook, Inc.
Bio-Medical Applications of Ponce, Inc.
Bio-Medical Applications of Puerto Rico, Inc.
Bio-Medical Applications of Rhode Island, Inc.
Bio-Medical Applications of Rio Piedras, Inc.
Bio-Medical Applications of San Antonio, Inc.
Bio-Medical Applications of San German, Inc.
Bio-Medical Applications of San Juan, Inc.
Bio-Medical Applications of South Carolina, Inc.
Bio-Medical Applications of Southeast Washington, Inc.
Bio-Medical Applications of Tennessee, Inc.
Bio-Medical Applications of Texas, Inc.
Bio-Medical Applications of The District of Columbia, Inc.
Bio-Medical Applications of Trenton, Inc.
Bio-Medical Applications of Ukiah, Inc.
Bio-Medical Applications of Virginia, Inc.
Bio-Medical Applications of West Virginia, Inc.
Bio-Medical Applications of Wisconsin, Inc.
Bio-Medical Applications of Woonsocket, Inc.
Conejo Valley Dialysis, Inc.
Dialysis America Georgia, LLC
Dialysis Associates of Northern New Jersey, LLC
Dialysis Specialists of Barbourville, Inc.
Dialysis Specialists of Topeka, Inc.
Dialysis Specialists of Tulsa, Inc.
DuPage Dialysis Ltd.
Everest Healthcare Indiana, Inc.

Everest Healthcare Ohio, Inc.
Everest Healthcare Rhode Island, Inc.
Everest Healthcare Texas, LP
Fresenius Medical Care Dialysis Services - Oregon, LLC
Fresenius Medical Care Dialysis Services of Colorado LLC
Fresenius Medical Care Madison Parish Dialysis Center, LLC
Home Dialysis of Eastgate, Inc.
Home Dialysis of Muhlenberg County, Inc.
Homestead Artificial Kidney Center, Inc.
Integrated Renal Care of The Pacific, LLC
Metro Dialysis Center - Normandy, Inc.
Metro Dialysis Center - North, Inc.
National Medical Care, Inc.
Northern New Jersey Dialysis, LLC
Qualicenters Albany, Ltd.
Qualicenters Bend, LLC
Qualicenters Coos Bay, Ltd.
Qualicenters Eugene-Springfield, Ltd.
Qualicenters Inland Northwest, LLC
Qualicenters Pueblo, LLC
Qualicenters Salem, LLC
Qualicenters Sioux City, LLC
Quality Care Dialysis Center of Vega Baja, Inc.
S.A.K.D.C., Inc.
San Diego Dialysis Services, Inc.
Santa Barbara Community Dialysis Center, Inc.
St. Louis Regional Dialysis Center, Inc.
Tappahannock Dialysis Center, Inc.
Terrell Dialysis Center, LLC
Warrenton Dialysis Facility, Inc.
West End Dialysis Center, Inc.
WSKC Dialysis Services, Inc.

ACCESS STATEMENT PER PART 1110.240

The admission policies of RAI-Lincoln Highway, Fairview Heights, will not become more restrictive after the change of ownership. Facilities owned and operated by Fresenius Medical Care Holdings, Inc. accept all patients regardless of ability to pay. They are "open" facilities from the standpoint of granting privileges to any physician who wishes to admit patients to the facility.

Richard Alderson

Signature

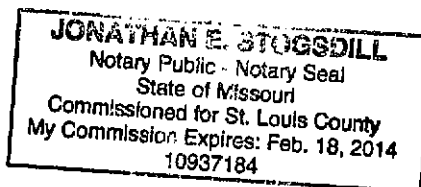
Richard Alderson, Regional Vice President

Printed Name/Title

Date: 9-13-2011

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 13th DAY
OF September, 2011.

Jonathan E. Stogsdill
NOTARY PUBLIC



PATIENT TRANSFER AGREEMENT

THIS PATIENT TRANSFER AGREEMENT (the "Agreement") is made the 16th day of December, 2010 (the "Effective Date"), by and between MEMORIAL MEDICAL CENTER (hereinafter "Hospital"), and RAI CARE CENTERS OF ILLINOIS II, LLC (hereinafter "Company").

WITNESSETH

WHEREAS, the parties hereto desire to enter into this Agreement governing the transfer of patients between Hospital and the following Company clinic:

*RAI Care Centers of Illinois II, LLC
RAI-Centre West-Springfield
1112 Centre West Drive
Springfield, IL 62704*

WHEREAS, the parties hereto desire to enter into this Agreement in order to specify the rights and duties of each of the parties and to specify the procedure for ensuring the timely transfer of patients between the facilities; and

WHEREAS, the parties wish to facilitate the continuity of care and the timely transfer of patients and records between the facilities.

WHEREAS, only a patient's attending physician (not Company or the Hospital) can refer such patient to Company for dialysis treatments.

NOW THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DUTIES AND RESPONSIBILITIES.

(a) Joint Responsibilities. In accordance with the policies and procedures of Company and upon the recommendation of the patient's attending physician that a transfer is medically appropriate, such patient may be transferred from the clinics operated by Company to Hospital so long as Hospital then has available bed capacity, the prerequisite staffing and the general capability to furnish the services being requested by Company, including on-call specialty physicians, and if the requested transfer satisfies all of the other applicable patient transfer criteria which Hospital has established. In such instances, Hospital and Company respectively agree to exercise their best efforts to accomplish the prompt transfer and admission of the transferred patient. The parties will periodically confer during the Term of this Agreement to review the transfer process contemplated by this Agreement, as well as the applicable transfer policies and

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procedures, in order to improve that process in terms of efficiency, clinical care and patient safety. The parties agree that no decision by Company to transfer a patient and no decision by Hospital to accept or refuse a transferred patient will be predicated by either party on arbitrary, capricious or unreasonable discrimination, or the patient's ability to pay.

(b) Hospital's Duties. Hospital will accept patients who require a transfer from Company under the criteria and conditions which are specified and prescribed in Section 1(a) of this Agreement.

(c) Company's Duties. Company will request patient transfers under the criteria and conditions which are specified and prescribed in Section 1(a), and Company, in addition, will:

(i) obtain the patient's informed consent to the proposed transfer to Hospital, if the patient is competent, or, if the patient is not competent, Company will obtain the consent of the patient's legal guardian, or the agent under the patient's health care power of attorney or another appropriate surrogate acting on the patient's behalf;

(ii) furnish Hospital with advance notice of the proposed transfer, considering the patient's existing medical condition and circumstances;

(iii) concurrently deliver the patient's necessary personal effects to Hospital, after a representative of Hospital inventories the personal effects and then signs a receipt which acknowledges the delivery of the personal effects to Hospital;

(iv) effectuate the patient's transfer to Hospital through the use of qualified personnel and appropriate equipment and transportation vehicles possessing the capability of supplying and administering life support measures during the course of the patient's transit to Hospital; and

(v) transfer to Hospital, and then supplement as necessary, all relevant medical records and an abstract of all other pertinent medical information which Hospital requires to continue the patient's treatment without interruption, to include current medical and laboratory findings, the patient's history of illness or injury, diagnoses and advanced medical directives, Company's assessment of the patient's rehabilitation potential, a brief summary of the course of treatment which the patient received at the clinics operated by Company, a listing of all medications which had been administered to the patient, the patient's identified allergies, relevant nursing and dietary information, the patient's ambulation status and other pertinent administrative, third-party billing and social information which Hospital requests.

(vi) retain all legal liability and responsibility with respect to the patient who is being transferred until the patient is admitted to Hospital in compliance with Hospital's admission policies and procedures.

2. **BILLING, PAYMENT, AND FEES.** Hospital and Company each shall be responsible for billing the appropriate payor for the services it provides, respectively, hereunder. Company shall not act as guarantor for any charges incurred while the patient is a patient in Hospital. Neither party to this Agreement is obligated to the other party with respect to the billing or the collection of any fees or charges, or any other financial matters, relating to the transfer of patients or the patients who have been transferred pursuant to this Agreement. This Agreement is not intended by the parties to induce patient referrals, and no compensation or other remuneration will be exchanged between the parties as a consequence of this Agreement.

3. **HIPAA COMPLIANCE.** Each party to this Agreement will continuously comply with the "Health Insurance Portability and Accountability Act of 1996," the "Health Information Technology for Economic and Clinical Health Act," and all of the standards which are promulgated pursuant to such statutes, including the Electronic Transactions Standards, the Privacy Standards, the Security Standards, the Breach Notification Rule, and all other standards or rules which may be proscribed by the Department of Health and Human Services during the Term of this Agreement as then being applicable to the relationship between the parties being created by this Agreement (collectively, "HIPAA"). Each party will promptly report to the other party any use or disclosure of any health information which is not permitted under HIPAA whenever that party becomes aware of such improper use or disclosure. Each party, in addition, will timely act to mitigate, to the extent practicable, any harmful effect, which is known to or which could reasonably be anticipated by that party, of a use or a disclosure of such health information in violation of HIPAA.

4. **STATUS AS INDEPENDENT CONTRACTORS.** The parties acknowledge and agree that their relationship is solely that of independent contractors. Governing bodies of Hospital and Company shall have exclusive control of the policies, management, assets, and affairs of their respective facilities. Nothing in this Agreement shall be construed as limiting the right of either to affiliate or contract with any other Hospital or facility on either a limited or general basis while this Agreement is in effect. Neither party shall use the name of the other in any promotional or advertising material unless review and approval of the intended use shall be obtained from the party whose name is to be used and its legal counsel.

5. **INSURANCE.** Each party shall secure and maintain, or cause to be secured and maintained during the term of this Agreement, comprehensive general liability, property damage, and workers compensation insurance in amounts generally acceptable in the industry, and professional liability insurance providing minimum limits of liability of \$1,000,000 per occurrence and \$3,000,000 in aggregate. Each party shall deliver to the

other party certificate(s) of insurance evidencing such insurance coverage upon execution of this Agreement, and annually thereafter upon the request of the other party. Each party shall provide the other party with not less than thirty (30) days prior written notice of any change in or cancellation of any of such insurance policies. Said insurance shall survive the termination of this Agreement.

6. **INDEMNIFICATION.** Each party is responsible as to that party's acts and omissions and is not responsible with respect to the acts and omissions of the other party. Company will indemnify, defend and hold harmless Hospital and Hospital's agents, employees, physicians, officers, directors and representatives from any and all claims and losses accruing or resulting in connection with the performance of this Agreement which are due to the negligent or willful acts or omissions of Company or any of Company's agents, employees, physicians, officers, directors or representatives. Hospital will indemnify, defend and hold harmless Company and Company's agents, employees, physicians, officers, directors and representatives from any and all claims and losses accruing or resulting in connection with the performance of this Agreement which are due to the negligent or willful acts or omissions of Hospital or any of Hospital's agents, employees, physicians, officers, directors or representatives. If either party becomes involved as a party to any litigation in connection with services which have been provided under this Agreement, that party will immediately notify the other party in writing. The party so notified, at that party's sole election, may then enter into that litigation to protect that party's interests.

7. **DISPUTE RESOLUTION.** Any dispute which may arise under this Agreement shall first be discussed directly with representatives of the departments of the parties that are directly involved. If the dispute cannot be resolved at this level, it shall be referred to administrative representatives of the parties for discussion and resolution.

(a) Informal Resolution. Should any dispute between the parties arise under this Agreement, written notice of such dispute shall be delivered from one party to the other party and thereafter, the parties, through appropriate representatives, shall first meet and attempt to resolve the dispute in face-to-face negotiations. This meeting shall occur within thirty (30) days of the date on which the written notice of such dispute is received by the other party.

(b) Resolution Through Mediation. If no resolution is reached through informal resolution, pursuant to Section 7(a) above, the parties shall, within forty-five (45) days of the first meeting referred to in Section 7(a) above, attempt to settle the dispute by formal mediation. If the parties cannot otherwise agree upon a mediator and the place of the mediation within such forty-five (45) day period, the American Arbitration Association ("AAA") in the state of Illinois shall administer the mediation. Such mediation shall occur no later than ninety (90) days after the dispute arises. All findings of fact and results of such mediation shall be in written form prepared by such mediator and provided to each party to such mediation. In the event that the parties are

unable to resolve the dispute through formal mediation pursuant to this Section 7(b), the parties shall be entitled to seek any and all available legal remedies.

8. TERM AND TERMINATION.

(a) Term. The initial Term of this Agreement will commence on the Effective Date of this Agreement (the "Term Commencement Date") and will expire three hundred sixty-five (365) days after such Term Commencement Date in the following calendar year (the "Term Expiration Date"), unless, as prescribed in Section 8(b), this Agreement is terminated prior to that Term Expiration Date. If this Agreement is terminated prior to the occurrence of the Term Expiration Date, however, the parties may not enter into another contract which relates to the transfer of transplantation patients by Company to Hospital before the initial one (1) year Term has actually expired. Effective as of the Term Expiration Date, and subsequently on each anniversary of the Term Expiration Date, the Term of this Agreement will be deemed to have been automatically extended by the parties in successive one (1) year periods, unless either party notifies the other party, at least thirty (30) days prior to the expiration of the then current one (1) year Term, that such party is not electing to extend the Term an additional one (1) year period. Any extension of this Agreement pursuant to this Section 8(a) will likewise be characterized and identified as the "Term" under this Agreement; however, the automatic extension of the Term of this Agreement pursuant to this Section 8(a) is limited, in all events, to two (2) additional years after the expiration of the initial one (1) year Term.

(b) Termination. This Agreement may be terminated prior to the Term Expiration Date which is identified in Section 8(a), or during any of the one (1) year extensions of the Term pursuant to Section 8(a), in the following manner:

(i) Early Termination. If the parties consent and mutually agree, in writing, this Agreement may be terminated on the terms and effective as of the date stipulated by the parties. In addition, either party may terminate this Agreement, without being required to specify a cause or reason and without incurring any liability to the other party as a consequence of the termination, by the delivery of at least a sixty (60) day notice to the other party.

(ii) Change of Status. If the facilities being operated by either party, which are relevant to this Agreement, cease to be properly licensed under the applicable laws of the State of Illinois or if either party ceases to be an eligible participant in the Medicare or Medicaid programs, then, in such event, this Agreement will automatically terminate as of the date the facility ceases to be properly licensed or the party's program ineligibility is effective.

9. **AMENDMENT**. This Agreement may be modified or amended from time to time by mutual written agreement of the parties, signed by authorized representatives thereof, and any such modification or amendment shall be attached to and become part of this Agreement. No oral agreement or modification shall be binding unless reduced to writing and signed by both parties.

10. **ENFORCEABILITY/SEVERABILITY.** The provisions of this Agreement are severable. The invalidity or unenforceability of any term or provisions hereto in any jurisdiction shall in no way affect the validity or enforceability of any other terms or provisions in that jurisdiction, or of this entire Agreement in any other jurisdiction.

11. **EXCLUDED PROVIDER.** Each party represents that neither that party nor any entity owning or controlling that party has ever been excluded from any federal health care program including the Medicare/Medicaid program or from any state health care program. Each party further represents that it is eligible for Medicare/Medicaid participation. Each party agrees to disclose immediately any material federal, state, or local sanctions of any kind, imposed subsequent to the date of this Agreement, or any investigation which commences subsequent to the date of this Agreement, that would materially adversely impact Company's ability to perform its obligations hereunder.

12. **NOTICES.** All notices, requests, and other communications to any party hereto shall be in writing and shall be addressed to the receiving party's address set forth below or to any other address as a party may designate by notice hereunder, and shall either be (a) delivered by hand, (b) sent by recognized overnight courier, or (c) by certified mail, return receipt requested, postage prepaid.

If to Hospital: Memorial Medical Center
701 N. First Street
Springfield, IL 62781
Attn: Administrator

If to Company: RAI Care Centers of Illinois II, LLC
1550 W. McEwen Drive, Suite 500
Franklin, TN 37069-1769
Attention: Chief Operating Officer

with a copy to: RAI
1550 W. McEwen Drive, Suite 500
Franklin, TN 37069-1769
Attention: General Counsel

All notices, requests, and other communication hereunder shall be deemed effective (a) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (b) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (c) if sent by certified mail, five (5) business days following the day such mailing is made.

13. **ASSIGNMENT.** This Agreement shall not be assigned in whole or in part by either party hereto without the express written consent of the other party, except that Company may assign this Agreement to one of its affiliates or subsidiaries without the consent of Hospital.

14. **COUNTERPARTS.** This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies of signatures sent by facsimile shall be deemed to be originals.

15. **NON-DISCRIMINATION.** All services provided by Hospital hereunder shall be in compliance with all federal and state laws prohibiting discrimination on the basis of race, color religion, sex national origin, handicap, or veteran status.

16. **WAIVER.** The failure of any party to insist in any one or more instances upon performance of any terms or conditions of this Agreement shall not be construed as a waiver of future performance of any such term, covenant, or condition, and the obligations of such party with respect thereto shall continue in full force and effect.

17. **GOVERNING LAW.** The laws of the state of Illinois shall govern this Agreement.

18. **HEADINGS.** The headings appearing in this Agreement are for convenience and reference only, and are not intended to, and shall not, define or limit the scope of the provisions to which they relate.

19. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all other agreements, either oral or written, between the parties (including, without limitation, any prior agreement between Hospital and Company or any of its subsidiaries or affiliates) with respect to the subject matter hereof.

20. **RECORDS ACCESS.** As and to the extent prescribed by applicable federal law, or at Hospital's request, Company agrees to allow the Comptroller General of the United States and the Department of Health and Human Services, and their duly authorized representatives, access to this Agreement, and the books, documents and records of Company which are related to the provision of the services which are encompassed by this Agreement, until the expiration of four (4) years after this Agreement has terminated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

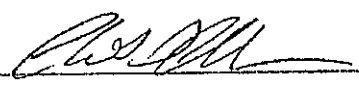
COMPANY:
RAI CARE CENTERS OF ILLINOIS II, LLC

By: 

Name: Joe Sundock

Title: VP

HOSPITAL:
MEMORIAL MEDICAL CENTER

By: 

Name: CHARLES D. CALLAHAN

Title: VP - OPERATIONS

This Contract Has Been
Reviewed By Legal Counsel
Anna Evans

AVAILABILITY OF FUNDS

The acquisition of Liberty Dialysis Holdings Inc.'s three Illinois ESRD facilities will be funded through Fresenius Medical Care Holdings, Inc.'s cash reserves and liquid assets, easily converted into cash. As evidence of the availability of funds, a copy of the 2010 Audited Financial Statement of Fresenius Medical Care Holdings, Inc. and Subsidiaries is provided under separate cover. The balance sheet included in the Audited Financial Statement identifies in excess of \$163M in cash and cash equivalents, as of December 31, 2010.



Fresenius Medical Care

September 15, 2011

Dale Glassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.

Sincerely,

Michael Brosnan
Chief Financial Officer
Fresenius Medical Care

Subscribed and sworn to me
This 15 day of September, 2011

Notary Public

Fresenius Medical Care North America

Corporate Headquarters: 920 Winter St Waltham, MA 02451-1457 (781) 699-9600 ATTACHMENT 42A

PROJECTED OPERATING and
CAPITAL COSTS

RAI-CENTRE WEST-SPRINGFIELD
2013

Projected ESRD Treatments: 10,500

Operating Costs:

salaries	\$ 665,455
benefits	\$ 141,051
med. supplies	\$ 354,468
	\$ 1,160,974

Projected Operating Costs per ESRD treatment:	\$ 110.57
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Capital Costs:

depreciation, interest, and amortization	\$ 49,954
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Projected Capital Costs per ESRD treatment:	\$ 4.76
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After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

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